

NEWS SUMMARY

GENERAL

Aquino inquiry accuses army

The Philippines' armed forces conspired in the assassination of opposition leader Benigno Aquino, the five-member board of inquiry has unanimously decided.

The board's report, due to be published on Friday, will present evidence that Aquino was shot by one of his escorts and not, as the military asserted, by a lone gunman acting for the country's outlawed Communist Party.

The board has yet to decide whether it has sufficient evidence to implicate Gen Fabian Ver, the Chief of Staff, but is likely to accuse Gen Luther Custodio, former head of the Aviation Security Command, which was in charge of Aquino's security at the time of his death. Page 14

Troops in temple

Two days after the Indian army withdrew from the Golden Temple in the Sikh holy city of Amritsar, security forces re-entered the shrine after extremists seized part of the complex. Page 3

Durban sit-in goes on

South Africa dropped charges of unlawful assembly against three of six fugitives, but they appear set to continue their sit-in at Britain's Durban consulate. In Johannesburg police fired rubber bullets and birdshot to disperse black youths who attacked two vehicles.

Bangladesh sacking

Bangladesh local government and rural development minister Mahbar Rahman was dismissed after opposition groups accused him of ordering attacks on their supporters.

New von Bulow trial

U.S. Supreme Court agreed that Danish-born socialist Claus von Bulow was wrongfully convicted in 1982 of attempting to murder his millionaire wife, Marjorie, paving the way for a new trial.

Poultry claim

French poultry producers are seeking £19m (\$62.4m) damages from the UK High Court for alleged losses arising from an embargo on turkey imports. Page 7

Surgeon's cut

The chief surgeon of a Soviet hospital has been jailed for swindling more than 50,000 roubles (\$60,000) out of the state as wages for staff who did not exist.

Down to earth

Three Soviet cosmonauts who have been in space for a record 247 days aboard the Salyut-7 orbital station will return to earth today, Tass reported.

Iceland strikes

Iceland's state television and radio employees went on strike and teachers disrupted classes, precipitating a general strike by civil servants called for Thursday.

Umpires out

U.S. major league baseball umpires called a pay strike on the first day in office of the sport's commissioner, Peter Ueberroth, who was Los Angeles Olympics organising chairman.

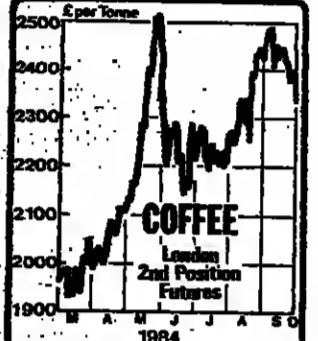
Eagle 'aye'

Egypt's parliament voted to reinstate the eagle as the country's national emblem after a 13-year absence during which the emblem was a hawk.

BUSINESS

European prices threat to Ford UK

FORD manufacturing operations in Britain would face an uncertain future if the EEC proceeded with plans to harmonise car prices, said chairman Sam Toy. Page 14



COFFEE fell sharply on the London futures market following a last-minute International Coffee Organisation deal on regulating supplies and prices for the 1984/85 season. The November position, which is at a considerable premium to more distant delivery months, dropped 52.5 to £2329 a tonne. Page 32

DOLLAR was weaker in London, closing at DM 3.0815 (DM 3.0675), SwFr 2.5175 (SwFr 2.519), FFf 9.265 (FFf 9.415) and Y246.4 (Y246.75). On Bank of England figures its trade-weighted index fell to 141.7 from 141.9. In New York it closed at DM 3.056, FFf 9.3088, SwFr 2.5160 and Y246.35. Currencies, Page 33

STERLING made gains in London, rising to \$1.2375 (\$1.235), DM 3.785 (DM 3.7775), SwFr 3.1175 (SwFr 3.11), FFf 11.605 (FFf 11.5825) and Y304.75 (Y303.5). Its trade-weighted index was down, slightly to 76.5 from 76.6 previously. In New York it closed at \$1.239. Currencies, Page 33

GOLD rose 52 an ounce on the London bullion market to finish at \$345.75. It also improved in Frankfurt to \$345.75 and in Zurich to \$345.50. In New York the Comex settlement ended at \$344.50. Page 33

WALL STREET: The Dow Jones industrial average closed down 7.73 at 1,198.95. Section III

LONDON had a shadow cast over it by Johnson Matthey's financial problems and combined with confusion over U.S. interest rates the FT Industrial Ordinary index ended 11.5 lower at 356.9. Section III

TOKYO prices closed moderately higher and the Nikkei-Dow market average gained 16.63 to 10,633.79. Section III

HONG KONG: The opening of the territory's futures market has been delayed until at least January by the need to publish a prospectus and to clarify commodities trading laws. Page 16

HAWLEY GROUP, British service industry concern, is relocating its ultimate holding company to Bermuda as part of plans for expansion in the U.S. Page 18; Lex, Page 14

JOHNSON GROUP Cleaners, British dry cleaning group, rejected £44.4m (\$50m) cash bid from Nottingham Manufacturing, major supplier of knitwear to Marks & Spencer retail group. Lex, Page 14

WALT DISNEY Productions, the U.S. entertainment group has taken another step towards bolstering and expanding its film division by hiring Mr Jeffrey Katzenberg from Gulf and Western's Paramount Pictures to take over as Disney's president of motion pictures and television. Page 15

INTERNATIONAL Harvester, the U.S. truck and farm, equipment manufacturer, has given its trade union representatives a commitment not to close any further farm machinery plants in the U.S. for reasons of new technology. Page 15

GRUPPO GENERALI, the Italian insurance group, said its 1983 net profit rose by 20 per cent to 1,137.8m (\$78m). Page 15

British rescue for banking side of Johnson Matthey

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE BANK of England yesterday mounted a dramatic rescue operation for Johnson Matthey Bankers, the banking arm of the UK precious metals and chemicals group, which was on the point of collapse because of large loan losses.

In a complex deal assembled throughout Sunday night and sprung on a largely unsuspecting London market yesterday morning, the British central bank took control of JMB and organised a large standby credit facility from 25 UK banks and members of the London gold market.

Johnson Matthey plc, the bank's parent, also agreed to contribute £50m (\$81.75m), to JMB's capital and Charter Consolidated, the finance and mining conglomerate that owns 26 per cent of Johnson Matthey will invest a further £25m in the group to boost its capital resources.

In a rapid succession of events Mr Harry Hewitt resigned as chairman of Johnson Matthey and was succeeded by Mr J. N. Clarke, chief executive of Charter. Bank of England officials also moved in to JMB's banking offices in the City of London to assume control.

The Bank said the arrangements "enable Johnson Matthey Bankers to trade normally and meet all its

commitments" and emphasised that JMB would continue under its new ownership to play its key role in the London gold market, where it is one of the five bullion brokers that make the daily fixing.

The speed and decisiveness of the operation headed off what might have been a serious crisis in the precious metals markets, where rumours of trouble had started at the end of last week and hit early trading yesterday in the Far East. The London gold market was calm, however, with the price little changed after an initial flurry. The stock market also took the news well.

The rescue was prompted by an approach to the Bank of England by Johnson Matthey after an auditors' report showed serious difficulties with JMB's commercial loans. The group's board calculated that the provisions that should be made against those loans would virtually wipe out the bank's capital and possibly jeopardise the group itself.

No details were given yesterday about the loans. However, the bank's capital was about £100m, and it is understood that Johnson Matthey was unable to cover the deficiency. Johnson Matthey emphasised that the difficulties had nothing to do with JMB's currency trading or bullion business.

The Bank of England's decision to acquire JMB - for a nominal sum - was made to protect the bullion market, where the failure of one key participant to honour deals might have a devastating effect. However it was also anxious to be seen to act decisively at a time when the banking markets were nervous.

The Bank committed no public money to the rescue. JMB's new capital resources are those contributed by Johnson Matthey, which has lost its entire investment in the bank. JMB's liquidity will be guaranteed by the standby credit, believed to be about £250m. This is the first time the Bank of England has felt compelled to take the drastic step of acquiring a troubled bank since the secondary banking crisis of the 1970s, when it took control of Slater Walker and Edward Bates.

Although the Bank will be rigorously examining the management and controls of JMB, it was seen yesterday to present an air of normality. JMB traded as usual during the day, and the normal gold trader appeared for the twice-daily fixing of the gold price at Rothschilds.

The Bank moves swiftly, Page 12

Hopes fade for EEC farm spending accord

BY QUENTIN PEEL AND IVO DAWNAY IN LUXEMBOURG

BRITAIN and West Germany were last night fighting a rearguard action to obtain effective control over the growth of farm spending in the EEC, as finance ministers met in Luxembourg to resolve their budget disputes.

With only four days left in which to finalise a budget for the coming year, the ministers remain seriously divided over how to contain the rising cost of the Community's Common Agricultural Policy (Cap).

Hopes of an early agreement on budgetary discipline, raised last month at an informal meeting of the ministers in Ireland, quickly faded as the talks opened yesterday.

Denmark, a main beneficiary of the Cap, declared that it would be unable to accept any agreement which had legal binding power, such as a formal decision of the Council of Ministers.

At the same time, M Pierre Berégovoy, the French Finance Minister, objected to any sys-

tem of spending control which would set a ceiling on farm spending before the annual round of farm price increases.

Their joint objections threaten to upset the long-standing British demand that no extra money be made available to the Community - most immediately to meet a cash crisis as funds are due to run out at the end of this month - without an agreement on "effective" budgetary discipline.

The British position was yesterday given strong endorsement by Herr Gerhard Stoltenberg, the West German Finance Minister, who insisted that an agreement on spending control was a "prerequisite" for his Government and the West German Bundesrat giving approval to increased contributions.

The ministers were presented yesterday with a compromise proposal drawn up by the Irish Government as the current chairman of the Council of Ministers, based on the informal agreement on general

principles reached at Dromoland Castle, County Clare, Ireland last month.

It contains provision to enforce a rate of increase in farm spending less than the rate of increase in the Community's total income by giving the finance ministers the power to fix a ceiling on such spending. The proposal would also provide for any exceptional increase in farm spending beyond the ceiling to be "cleared back" over the subsequent two years.

Officials were last night attempting to draft new compromise clauses to meet French and British objections. EEC foreign ministers meet today to finalise an entire package of budget measures. They also hope to approve the supplementary budget for 1984, and the full budget for 1985 before the deadline to finalise the latter by Friday, in order to send it to the European Parliament for approval.

Spain pessimistic, Page 2

CGT union may turn Renault dispute into broader challenge

BY PAUL BETTS IN PARIS

THE FRENCH Communist Party and the pro-Communist CGT labour confederation gave clear signs yesterday of hoping to turn the conflict at Renault into a serious challenge to the Socialist Government's economic and industrial policies.

Strikes and labour unrest continued to spread yesterday at several large plants of the state-owned motor group whose chairman, M Bernard Hanon, is expected to disclose today the job cuts Renault requires to reduce losses of more than FF4bn (\$477m) so far this year.

Workers at Renault's Douai plant, the group's most modern factory, which produces the R9 and R11 medium-sized cars, voted to continue to strike. Production was disrupted again at Sandouville, the large plant near Rouen where the top-of-the-range R25 is made. The Cléon engine plant also suffered stoppages, but the large Flins plant,

where production of the new Renault Superfive mini car is concentrated, worked in relatively normal conditions.

CGT leaders yesterday called for general negotiations between Renault and the unions over the car company's labour and salary proposals. Renault has so far sought to negotiate with the unions plant by plant.

The CGT leaders made clear, however, that they regarded the conflict as going beyond Renault and involving the Socialist Government's broad industrial policies. That was also the dominant theme yesterday in L'Humanité the French Communist daily newspaper.

The Renault conflict is thus developing into the first serious challenge by the Communists against the Socialists since the Communists decided to withdraw from the

French governing coalition last summer.

M André Sanjon, head of the CGT metalworkers' section, yesterday implied that there was still time to negotiate a compromise, although he hardened his general tone against the company and the Government. M Jean Poperein, a senior official of the Socialist party, warned yesterday that everybody would be losers in the event of a showdown at Renault except "the adversaries of the left."

M André Bergeron, secretary-general of the reformist Force Ouvrière union, gave a warning yesterday of the risks of labour clashes in coming weeks on a scale that had not occurred in France for a long time. He claimed that the stagnation in workers' purchasing power was provoking labour tensions.

Ford UK warning, Page 14

Paris and Bonn put telephone project on ice

By David Marsh

In Paris

THE FRENCH Government's plans for wider electronics collaboration in Europe have met a severe setback after a decision to postpone for several years a planned Franco-German radiotelephone network.

The decision to shelve the project, confirmed by officials at the French posts and telecommunications authority (PTT) yesterday, has been forced by differences between Paris and Bonn on setting up the system.

It comes at a time when French hopes of concluding a bilateral deal with Britain for telecommunications equipment purchases have also been receding rapidly. Additionally, the Paris Government's plans to encourage groupings among European electronics companies have recently been badly set back by a spate of EEC industrial link-ups by multinational U.S. groups led by IBM.

The Franco-German radiotelephone deal was to have set up from 1988 onwards a single-standard mobile communications system in the two countries using 900 MHz cellular radio technology.

Agreement on the project was announced last November as part of a Franco-German effort to forge closer links in electronics.

In spite of the setting up of five groupings among French and German companies preparing to bid to supply equipment for the network, it has been clear for several months that the agreement was getting into difficulties.

Additionally, another accord also announced last November by the French and German PTIs - covering an opening up of the two countries' markets for telephone handsets - has shown little sign of being put into effect.

French officials term the postponement of the radiotelephone deal as a "change in orientation" rather than a complete breakdown of the accord. They say the two sides have agreed to continue talks on setting up a system, but it will be based on more advanced digital technology rather than the analogue system that was to have been put into place. Because of the studies that still need to be made, setting up a digital system would not be possible before 1990 at the earliest, officials admit.

Apart from differences between the two PTIs over the basic type of system, the radiotelephone setback may also represent discord among the companies involved. Siemens, for instance, has been unhappy over some aspects of the project.

Continued on Page 14

Kinnock loses key votes at party congress

BY OUR POLITICAL AND INDUSTRIAL STAFF IN BLACKPOOL

BRITAIN'S opposition Labour Party yesterday gave massive support to the striking coal miners at its annual conference in Blackpool. Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), was given an ecstatic welcome, and the conference condemned "unlawful action by the police" on the miners' picket lines.

Mr Neil Kinnock, the party leader, had sought to avoid a debate on police "violence" and did not join in the standing ovations for Mr Scargill. However, he suffered a further rebuff, on his first anniversary as leader, when the conference decisively rejected proposals for widening the party's franchise in the re-election of its MPs. Mr Kinnock had strongly supported the proposals.

At the end of the debate on re-election, Mr Scargill was served with a writ alleging that he was in contempt of High Court judgments that the Yorkshire and Derbyshire area pit strikes were unlawful. The writs were served on behalf of two miners who have continued to work during the dispute, now in its 30th week.

Mr Scargill held a brief emergency meeting of the NUM's national executive over the writs, which order him to attend the High Court in London on Thursday. He said that the executive had voted unanimously to reaffirm that the strike action was official, in accordance with union rules.

By making clear that he would defy the order, and risk a prison sentence, Mr Scargill has brought the strike closer to a complete confrontation with the law.

In his speech to the conference, he was frequently applauded as he attacked the Conservative Government, the National Coal Board (NCB) and the police. "We have suffered from attacks on the picket lines from a state police force armed with full riot gear," he said. "Yes, we have violence. State violence against miners whose only crime is to fight for the right to work." Mr Scargill claimed the appointment of Mr Ian MacGregor as chairman of the NCB was "a blatant political decision designed to provoke the NUM."

Mr Scargill rejected the NCB's and Government's argument about the need to close uneconomic pits, the main cause of the strike.

"There are no uneconomic pits. There are only pits which have been deliberately starved of investment by successive governments," he said.

Mr Tony Benn, a leading left-wing MP, accused the Government

of masterminding the dispute and accused it of having authorised the police to harass and assault the miners.

Mr Eric Hammond, general secretary of the right-wing electricians' union, was shouted down when he said the conference had "shamefully" not been asked to condemn the "violence of hooligans" on the picket lines. He protested that no attempt had been made to understand why the NUM's refusal to hold a national strike ballot had split the union.

Mr Eldon Griffiths, a Conservative MP who is parliamentary adviser to the Police Federation, last night accused speakers at the Labour conference of "plunging their verbal knives" into the hard-pressed policeman's back. He said there was a vendetta against the police which was being orchestrated by extremists.

On the re-election issue at the conference, Mr Kinnock had supported a plan that sought to give every member of the party a vote in the re-election of sitting MPs.

In a series of votes, however, the conference rejected any change to the present system, which leaves re-election in the hands of constituency management committees. Mr Kinnock, who did not speak during yesterday's debates, had hoped to lessen the power of activists on the committees.

The outcome will undoubtedly be seen as a humiliating rebuff for Mr Kinnock and his advisers not only because they have lost his first important conference vote, but also because they appear seriously to have miscalculated the level of trade union support.

The senior members of the centre-right leadership were concerned that yesterday's vote on re-election, together with the debates on the miners and police, would damage the party's standing. One member of the Shadow Cabinet commented that each hour the afternoon went on lost the Labour Party tens of thousands of votes.

The National Coal Board (NCB) is studying an idea for an independent review of colliery closures as a way forward in the coal dispute.

The idea was put to it yesterday by leaders of Nacods, the pit supervisors' union whose members have voted to strike over NCB sanctions threatened if they do not cross picket lines.

The NCB did not reject the review idea, but board officials were not optimistic last night.

Gloomy economic outlook, Conference report, Page 7

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EUROPEAN NEWS

Appeal by French bank union

By David Housegn in Paris

A FRENCH trade union has urged the Government to pursue a more rigorous monetary policy in support of its efforts at wage restraint.

That unexpected stance by the banking federation of the Roman Catholic CFTC union comes as 200 Communist unions are showing signs of increasing flexibility in the face of rising unemployment and the slowdown in the economy.

The pro-Socialist CFTU union recently proposed that small companies should be exempted from some of the burdensome regulations over personnel and trades union representation that discourage expansion.

At the same time, the centrist CGC union, which represents white-collar workers, has praised the realism of Prime Minister Laurent Fabius after bitterly denouncing his predecessor, M Pierre Mauroy.

In a article endorsed by the banking federation of the CFTC, M Marcel Rist, an economist with the union, argues that the government's policy of deflation through wage restraint is being undermined by an excess of liquidity in the economy. He says that any lifting of wage or price restraint in the absence of a strict monetary policy risks provoking a further surge of inflationary expectations.

By including cash placed in money market funds and unit trusts in the M2 figures, M Rist argues that monetary policy under the Socialists has been much looser than normally supposed. M Rist says such funds should be included in the M2 figures because they encompass sums placed on deposit until a change in the French regulations in 1982.

On M Rist's calculations, M2 growth was 13.6 per cent last year or more than 2 percentage points higher than nominal GNP and well above the 10.9 per cent recorded in the official figures. Correspondingly, the rate of domestic credit expansion (credit supplied by the banks to both the public and private sector) only decelerated last year to 13.2 per cent.

Chancellor Kohl gets a second anniversary warning

BY RUPERT CORNWELL IN BONN

LOCAL ELECTIONS, the politically literate will observe, are after all only local. But those this weekend in North Rhine Westphalia, in which some 8m people voted, have proved an ominous anniversary warning for Chancellor Helmut Kohl.

Exactly two years after he came to power, the electorate in West Germany's most populous and industrial state have handed the Chancellor's Christian Democrat (CDU) party a stinging defeat, and proved beyond all doubt that in terms of popularity, if not yet power, the Greens have replaced the liberal Free Democrats (FDP) as the third political force in the land.



Chancellor Kohl . . . stinging defeat

For the first time since the early 1950s, the CDU is no longer the largest party overall in the town halls and borough councils of the state. At 42.3 per cent, its share of the poll dropped a full 4 per cent from the last such election in 1979: in seven large centres, including the cities of Muenster and Moenchengladbach, previous absolute majorities have vanished.

But if the reverse for the Christian Democrats is indisputable, it has been only a victory of sorts at best for the opposition Social Democrats.

True, the party is back (just) on top of the pile—but only at the expense of seeing its vote

and the Community's farm policy to the professional classes and factory workers.

The Social Democrats took votes from the Right, they lost far more to the Greens on the Left. All 23 big cities of North Rhine Westphalia will now have Green councillors in their own halls: some may well soon have "Red-Green" administrations.

Results of the vote on Sunday for the provincial administration of Carinthia, Southern Austria, show a further slip in support for the Socialist Party, the dominant partner in the coalition, which lost 2.3 per cent of the vote but maintained its previous representation with 20 seats.

The Liberals, the junior coalition partners, increased their share of the vote by 4.3 per cent, gaining an extra seat and winning a total of five seats.

More surprisingly, support for the opposition People's Party dropped by 3.6 per cent

and their number of seats fell from 12 to 11.

Until now, the People's Party had been the main beneficiary of dissatisfaction with the Government, winning support from both the Socialists and the Liberals.

The Socialists regard their performance as satisfactory and as an indication that the sharp decline in their popularity during the past year and a half has now been halted.

The results may well spell trouble for the small and politically heterogeneous Liberal Party. The party is best represented by the party leader and Vice-Chancellor, Dr Norbert Steger, and a nationalistic right wing faction, which will now press its challenge to Dr Steger.

THE FIRST electoral test for the new Austrian Government following last month's reshuffle has brought mixed blessings to the two coalition partners.

Patrick Blum reports from Vienna.

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straws to clutch at—most notably that they will benefit disproportionately from the higher turnout to be expected when voting is at state or national level.

But as far as North Rhine Westphalia is concerned next spring, fulfilment of that wish may depend on settling the future of Herr Juergen Moelle-

mann, FDP leader in the state and junior Foreign Office Minister, who is presently fighting allegations of improper business conduct.

That, however, is a small worry for the Chancellor, as he and his party weigh up the weekend's damage. Local or not, the vote constitutes the first real electoral setback for

Jobs hope for Irish industry

By Brenda Keenan in Dublin

THE DECLINE in Irish manufacturing employment may be ending, according to Mr Padraic White, managing director of Ireland's Industrial Development Authority.

The authority's annual report shows that 1983 was a particularly bad year, with a net loss of 11,000 jobs in manufacturing. This year, the losses are expected to be below 5,000 and the authority believes that foreign investment in Ireland will show an increase for the first time in three years.

Mr White said he expects fixed-asset investment by overseas companies of about 12,000m this year, compared with 12,000m last year. This could pave the way for an increase in manufacturing employment in 1985 over the present level of 190,000.

The figures come on the day the Government is expected to publish its much-heralded economic plan. This is mainly concerned with ways of reducing the Government's 12.8m (£1.6bn) annual borrowing requirement.

But it is expected to contain some proposals on industrial development. Ministers argue that borrowing can only be reduced significantly in conditions of sustained growth.

The plan is also meant to end the squabbling over economic policy between ministers from the Fianna Fail and Labour parties in the ruling coalition.

Iceland strikes begin early

REYKJAVIK - Iceland's island-wide civil service strike got off to an unseasonably early start yesterday as state radio and television went off the air and teachers disrupted school classes.

Telecommunications workers and employees of state-owned alcohol stores threatened to strike from today.

Iceland's five daily newspapers have been shut for three weeks by a printers' strike, and with radio and TV silenced, the 230,000 islanders had no local news services at all.

The 17,000-member federation of state and municipal employees had called a strike starting on Thursday.

Spain pessimistic on EEC accession date

BY DAVID WHITE IN MADRID

SPAIN IS taking a pessimistic view on prospects for tying up any of the outstanding issues affecting EEC enlargement at the Foreign Ministers' negotiating session in Luxembourg tomorrow. The initial deadline for completing entry negotiations has now expired.

The gloomy Spanish outlook is conditioned by low expectations of success at the EEC Agriculture and Finance Ministers' meetings this week and by difficulties among the Ten over the Community budget and over ways of dealing with the wine surplus problem of the main problems which has to be tackled before Spain joins.

Although the Madrid Government is still aiming to complete Spanish entry talks by the end of the year, the possibility is now being raised of their not being completed before next year.

Because of the time required

Purge threat to Polish universities

By Christopher Bobinski in Warsaw

PROF BENON MISKIEWICZ, Higher Education Minister has warned that the authorities will respond with purges at the universities should supporters of Solidarity, the banned trade union, attempt to make their presence felt there.

This hard-line threat aimed at independent minded academics appeared yesterday in the official press as 264,000 full-time students throughout the country returned to college.

The new academic year sees the start of a three-year term of office by Rectors elected by staff and students under democratic procedures last spring.

The new laws drafted to the Solidarity period and approved by the Sejm in 1982 have meant that the universities have been to an extent able to order their own affairs. Some have used the law to avoid repression in the martial-law period.

The arrangement also meant that the authorities avoided the threat of widespread anti-martial law student protests.

But as this academic year starts, the Communist establishment is having second thoughts about the degree of autonomy the universities enjoy.

Prof Miskiewicz said his Ministry was conducting a review of the implementation of the law which is to be ready this month.

The stance which the Government and the academic community adopt at Warsaw University, the largest in the country, will provide an indicator as to the fate of the law.

At the university, the election in the spring of Prof Kiemiens Szaniawski, an openly-avowed Solidarity supporter led to the suspension of the university's Electoral College.

Twenty-two of the new rectors at universities coming under the aegis of the Higher Education Ministry are Communist Party members while 30 have no party affiliation and one belongs to the small Peasants' Party.

East Bloc split on relations with China

BY LESLIE COLTITT IN BERLIN

SOVIET CHARGES against China yesterday contrasted with "best wishes" from Moscow's East German and Hungarian allies on the 35th anniversary of the Chinese People's Republic.

Unlike the Soviet Union, the two East European countries have also pressed for an intensified dialogue with West Germany and other western European countries, in spite of the deployment of new U.S. missiles.

Pravda, the Soviet Communist Party daily, accused Peking of blocking normalisation between the two adversaries by presenting unacceptable demands.

Pravda said China was making the Soviet Union appear to be a threat and a source of international tension.

The newspaper declared that China demanded that Soviet troops withdraw from Afghanistan, that its forces be reduced along the border to China, and that the Vietnamese army be withdrawn from Kampuchea.

It quoted Mr Konstantin Chernenko, the Soviet leader, as having said Moscow could not enter into agreements which harmed the interest of third parties.

East Germany, on the other hand, refrained from criticising the Chinese leadership and welcomed what it called the "positive steps" taken in recent years in relations between China and the Soviet Union and its allies.

Hungary, too, stressed the positive aspects of its relations with China. The Hungarian news agency cited Chinese leaders as having said in their anniversary day speeches that Peking was working to decrease international tensions and armaments.

Rupert Cornwell reports from Bonn: The case involving a senior engineer from the leading West German aerospace group of Messerschmidt-Bolkow-Blomb (MBB) could be more serious than hitherto imagined.

According to the Federal Prosecutor's Office in Karlsruhe, Herr Manfred Rotsch, who was detained on suspicion of spying for the Soviet Union 11 days ago, may have been working for the KGB since the mid-1950s, and not 1967 as first suggested.

Malta's Church shuts 72 schools indefinitely

THE DISPUTE between Premier Dom Mintoff's Government and the Maltese Roman Catholic church over its schools entered a new phase yesterday when the Church's 72 primary and secondary schools were kept closed indefinitely, our Malta Correspondent writes.

The decision, taken by Archbishop Charles Galea, followed Friday's late-night meeting with the Premier at which the Archbishop agreed not to reopen the Church's unlicensed eight secondary schools before judgment is delivered by the Constitutional Court on the Government's free education measures.

Yesterday's church schools closure avoided the threat of a clash between rival supporters.

Mr Mintoff's Government views the Archbishop's commitment not to violate the country's education reforms legislation enacted in May as the beginning of a victory, but it is also concerned at the frequent outbursts of violence.

Evren expresses sorrow at 'massacre' resolution

BY DAVID BARCHARD IN ANKARA

PRESIDENT KENAN EVREN of Turkey yesterday spoke of his country's "sorrow" at a recent U.S. Congressional resolution which alleges that Turkey massacred Armenians during World War 1.

In the first top-level utterance on a subject which has been making banner headlines in the Turkish Press for the past few weeks, President Evren said Turkey was saddened as a nation because the resolution

had been taken "not just by a friend but also by an ally."

In the harshest speech on internal security for some time, the President went on to claim that Turkish subversives who were trying to divide the country—an apparent reference to Kurdish groups who fought Turkish troops during August and September—were receiving directives from abroad.

Madrid still hopes for success on labour pact

BY DAVID WHITE

THE SPANISH Socialist Government is still hoping to conclude a two-year consensus pact with employers and the Socialist UGT trade union by the end of this week, after failing in its attempt to force through an agreement before finalising its 1985 budget.

The cabinet at a special weekend meeting, approved the final version of next year's budget before presenting it to parliament. The budget envisages a deficit of Pta 1,440bn (£8.75bn).

The planned deficit is only 5 per cent of Spain's expected gross national product next year, however, compared with a 5.5 per cent level in this year's budget and a previous level of 6 per cent. Expenditure is due to rise by 3.6 per cent and revenue, boosted by a clamp-down on tax fraud and a rise of 0.8 per cent in the overall tax burden, by 1.2 per cent.

The Government is expected to keep the door open to parliamentary amendments to accommodate any last-minute agreement in the labour talks, from which the Communist union the Workers' Commissions, has to all intents and purposes already dropped out.

The budget plan is geared to a 6.5 per cent increase in civil service pay next year, the same as this year. This is in line with basic agreement reached between employers' representatives and UGT on 1985 wage increases.

Spanish Prime Minister Felipe Gonzalez said yesterday his government would abide by the result of a planned referendum on Nato membership even if it meant withdrawal from the alliance.

Japanese see trade boost from new Siberian railway

BY DAVID BUCHAN

COMPLETION of the Baikal-Amur Mainline (BAM) railway, creating a second "rail bridge" across Siberia, is expected to facilitate Soviet trade with Japanese and Far East markets, as well as to provide a further alternative to sea freight between Europe and East Asia.

Soviet workers completed 10 years of work by laying the final sleeper in the 3,102 km railway over the weekend. It has cost 30bn roubles (£2.2bn) and has been described by the Soviet media as "the construction feat of the century."

The marathon project has been completed before its latest deadline of Revolution Day, November 7, next month, but two years later than originally scheduled.

According to Mr Konstantin Mokhorov, deputy Transport Construction Minister, one-third of the BAM is now in operation.

BAM runs from the Siberian town of Ust Kut to the Pacific port of Sovietskaya Gavan, parallel to the current Trans-Siberian rail line for much of its route, but is 150 kilometres shorter and further north.

It will provide access to large deposits in southern Siberia of coal, iron ore, asbestos, aluminium, copper, gold, lead, tin, oil, and some precious metals such as molybdenum.

De Clercq faces finance inquiry

BY DAVID BUCHAN

A BELGIAN parliamentary committee is to investigate whether Finance Minister Willy De Clercq was involved in alleged financial irregularities at Ghent football club.

Mr Jean DeWaele, president of the House of Representatives, said it would begin after parliament opened on October 9.

Mr De Clercq was on the board of Ghent, one of several Belgian clubs that have been under investigation about allegations of "black money" payments on the transfer market.

Seventeen oil groups seek Norway ninth-round stakes

BY FAY GJESTER IN OSLO

SEVENTEEN OIL companies, including three Norwegian groups, and most of the major multinationals, have sought stakes in petroleum licences being offered under Norway's ninth concession round at Statoil, the state oil company, sets a share of every licence without applying. The deadline for the ninth-round bids was at the weekend.

Mr Karc Kristiansen, Oil Minister, said the satisfactory response showed that the major companies still regarded Norway's shelf as an interesting prospect. Ninth-round awards will be announced before the end of this year, so that drilling on the new acreage can begin next spring.

On offer this time were seven blocks or part blocks in the North Sea, six on the Hatten Bank (off central Norway) and 12 on the Tromsø Patch (off the northern coast).

In addition, oil companies were given the chance to apply for 18 other blocks offered, but not allocated, under earlier rounds.

An Oil Ministry official said

applications had been made for about half the ninth-round blocks for two of those "carried over" from previous rounds.

The companies that did apply were: Norske Shell, Amerada Hess, British Demers, Det Norske Oleselskap (DNO) in a joint application with two smaller Norwegian companies, Elf, Esso, Mobil, Agip, Norsk Hydro, Conoco, Fina, Saga Petroleum, Svenska Petroleum, Tenneco, and Total.

A total of 24 companies applied for concessions under Norway's eighth round in February this year. But licences offered then included the highly promising "diamond block" 34/7, believed to contain large amounts of oil. There was no such inducement among the ninth-round offerings.

Norway's industrial output has been rising this year, reflecting improved demand on both home and export markets.

Official statistics showed production for the first eight months of 1984 2.1 per cent up on a year earlier, while output for August alone was 3.3 per cent higher than in August 1983.

Foreign banks report expected

STOCKHOLM - A government study will present the results of its study today on the possibility of allowing foreign banking operations in Sweden.

Sweden is the only Western European country that does not allow foreign banks to operate within its borders. A Government-appointed panel has for months been studying a variety of reforms in the Swedish credit markets, which includes the

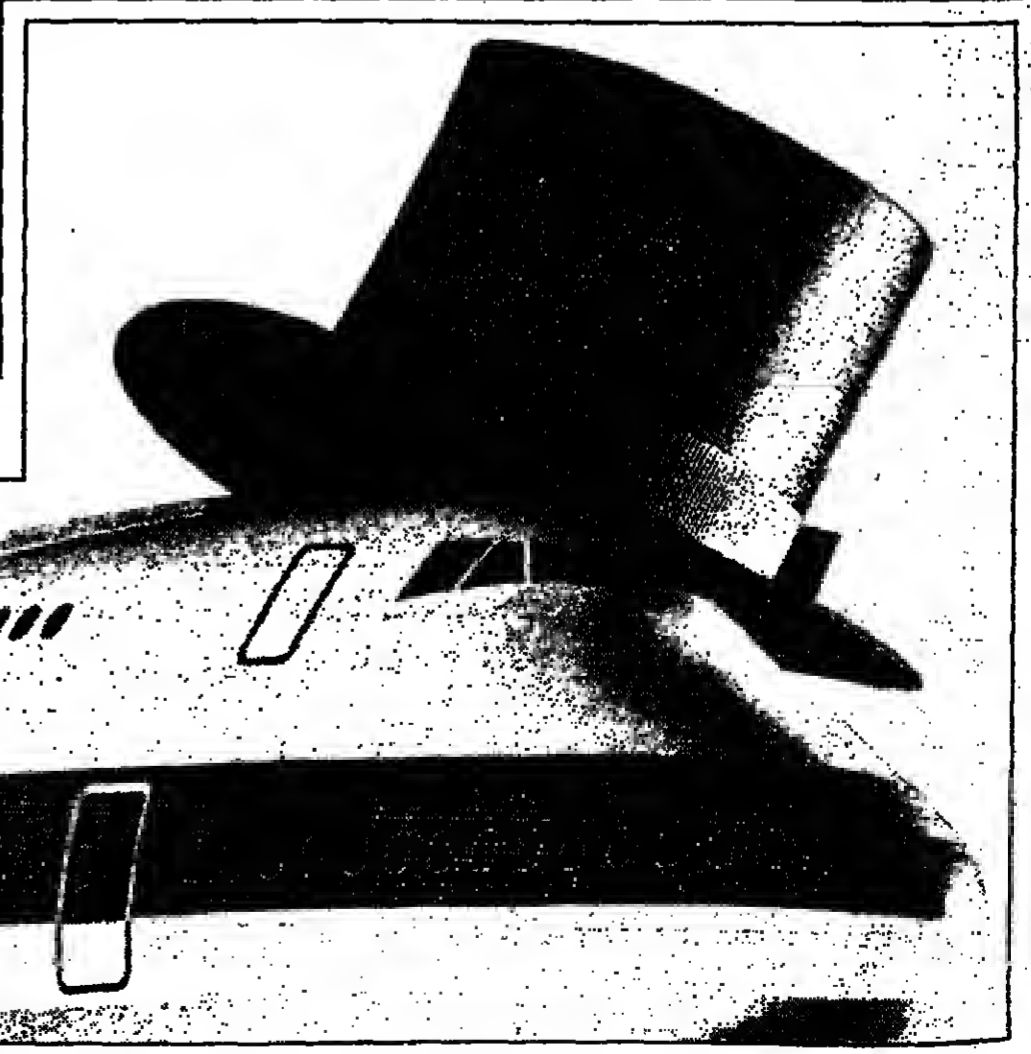
effect of foreign banks' entry. The report is widely expected to recommend allowing foreign banks access to Sweden. Mr Kjell-Olof Feldt, Prime Minister, recently said he expected a positive recommendation and he added that the Government was inclined to act speedily on such a recommendation.

Under the present timetable, a Bill could be presented to parliament in early 1985. That might re-

move final obstructions to the foreign banks by the beginning of 1986.

Norway recently opened its borders to foreign banks but refused Swedish banks entry until Norwegian banks were allowed to operate in Sweden.

The final government proposal is expected to call for admittance of, initially, only a few banks.



Putting on the Ritz all the way to New Zealand.

AIR NEW ZEALAND'S 'RITZ OF THE SKIES' SERVICE TO LOS ANGELES AND NEW ZEALAND ONCE AGAIN CAME TOP IN THE LUNN POLY BUSINESS CLASS SURVEY.

Handwritten Arabic text at the bottom of the page.

Deng feted in massive National Day parade

BY Mark Baker in Peking
FOR SIX years Deng Xiaoping has stood in the wings of Chinese politics...

More than 600,000 people jammed Tiananmen Square in central Peking to toast the country's military and civilian parade marking the 35th anniversary of the People's Republic...

Dressed in a steel blue Sun Yat-sen suit, Deng stood alone in an open-backed "red flag" limousine as he drove on a ten-minute inspection of the troops...

The Soviet Communist Party daily, Pravda, said yesterday in an article marking the 35th anniversary of the Chinese People's Republic...

The military parade, including the first full weapons review since 1959, saw more than 10,000 troops marching in slick square formation down Chang'an Boulevard...

The civilians in the parade danced, sang, marched, cheered and threw paper flowers with a minimum of spontaneity...

There were a thousand juvenile trumpeters, given a crash course for the occasion, who screamed out of tune, followed by 500 similarly uncoordinated cymbalists...

The inquiry board's findings accuse the military, Emilia Tagaza reports
Aquino's ghost will not go away

TENSION is understandably running high for the Filipino military, the Government of President Ferdinand Marcos and the country's economic and business circles.

The fact-finding board investigating the assassination of opposition leader Benigno Aquino is now expected to publish on Friday its explosive conclusion that there was a military conspiracy in the assassination.

Although the board has yet to agree on the role of General Fabian Ver, the armed forces' Chief of Staff, the report already portends deep troubles for Mr Marcos.

Whether or not the board links General Ver to the conspiracy, Mr Marcos is in a difficult situation. Popular opinion is that under the concept of command responsibility in the military, General Ver, 64, must be fired, or at least "retired."

If the General does go, Mr Marcos will find it difficult to exercise his one-man rule, and

if the General is kept on, this could only add fuel to popular dissent and bring back the type of big anti-government demonstrations that forced the President to give political concessions to his political opponents.

The opposition groups in the country will undoubtedly seize on the report. It was largely the public disaffection with the Government resulting from the assassination which swept the weak and splintered opposition to impressive victories in the National Assembly elections last May.

The Opposition did not win a majority of the 200-seat Assembly, but, with 60 avowedly anti-Marcos members and a number of ostensibly pro-Government members wary of a public backlash against them, the Opposition can expect to make considerable capital out of the board's report.

The five-member board was created by a decree issued by Mr Marcos in October last year. Since then, the board had conducted an exhaustive series of public and closed-door hearings in Manila, Tokyo and Los Angeles, receiving the

testimony of almost 200 witnesses and amassing more than 20,000 pages of transcript. The Filipino people have expressed impatience with the delay in disclosing the report, while accepting the integrity of the board members.

The board has faced enormous difficulties in determining the exact circumstances of the assassination. Mr Aquino, who was Mr Marcos's political arch-rival, was shot moments after having been taken into custody by military escorts on his return from three years of self-exile in the U.S. The Government claimed he was shot on the airport tarmac by a Mr Rolando Galman, a lone gunman alleged to be acting on behalf of the outlawed Communist Party of the Philippines.

But, quite early in its investigation, the board uncovered considerable evidence which contradicted the official version of the murder and reinforced the widely held public belief of Government involvement.

First, the Government's contention that Mr Galman, who was himself shot by Mr Aquino's

military escorts, was acting for the Communists' lost credibility when it was learned that he was a small-time criminal with long-standing connections with some military personnel. Moreover, the Government's evidence of his connections with the Communist Party proved flimsy, if not incredible, when the chief witness that testified to Mr Galman's Communist links appeared drunk before the board. His claims were also found riddled with inconsistencies.

Later, more dramatic testimony was given by private security guards on duty at Manila International Airport during Mr Aquino's arrival. Their statements supported claims that Mr Aquino was shot not by Mr Galman but by his military escorts while still on the service stairs. Two of the guards testified that they heard a shot, then turned to see the slumped head of Mr Aquino between two men in uniform, all three descending the stairs from the service tube to the tarmac.

Subsequent civilian witnesses, mostly airport maintenance men



Aquino's body carried by soldiers to a waiting van

and other private security guards, also testified that Mr Aquino was still on the stairs with the military escorts when the first gunshot was heard. One maintenance man even testified that he saw the alleged assassin, Mr Galman, standing and smiling with military personnel who apparently knew him.

shortly before the assassination, and that he was several metres from Mr Aquino at the time of the first shot.

With President Marcos having almost everything to lose with the board's conclusions, he is going to be haunted by Mr Aquino's ghost for some time yet.

Troops re-enter Golden Temple

By K. K. Sharma in New Delhi
TROOPS re-entered yesterday the Golden Temple in the Sikh holy city of Amritsar after extremists seized parts of the complex while a thanksgiving ceremony was in progress. The army had completed its withdrawal from the shrine only two days before.

Soldiers and paramilitary forces regained control of the Golden Temple by the evening and arrested about 300 extremists who had shouted secessionist slogans and made speeches strongly criticising the head priests for reaching an agreement with the government on the Golden Temple.

Before this demonstration, the young extremists seized the recently-repaired Akal Takht, the "seat of the times," the temple complex which had been severely damaged in the army operation last June. This was the base from which the late extremist leader, Sant Jarnail Singh Bhindranwale, operated. He was killed in the June army action.

Yesterday's developments were viewed at high level in New Delhi in light of the fact that the head priests, to whom the Golden Temple was handed over on Saturday, have been shown to have no control over young extremists who successfully entered the shrine, overpowered the official representatives of the religion and forced the large congregation to obey their orders.

One reason for the delay in withdrawal of the Army from the temple was the fear that extremists would once again use it as a base for their activities. There was no written agreement with the head priests on preventing this but they are known to have given an assurance to the Government that Sikh temples would not be allowed to be misused again.

The head priests, who were also attacked by the extremists yesterday, appeared helpless when faced with slogan-shouting youths yesterday.

Hussein rejects Israeli proposals

BY RAMI G. KHOURI IN AMMAN

KING HUSSEIN of Jordan yesterday sharply rejected the call by Israel's new Government for bilateral peace negotiations. He described the Israeli suggestion as "an exercise in subterfuge and deception" designed to perpetuate Israeli policies in the occupied Arab territories.

The King was no less forthright in his comments about the U.S. In a speech during the opening session of the Jordanian Parliament, King Hussein criticised the U.S. for its pro-Israeli stance and accused Washington of "procrastination and hesitancy."

The Jordanian monarch also defended his decision to resume full diplomatic relations with Egypt which had been severed following Egypt's 1979 peace treaty with Israel.

King Hussein said that while the Arabs had sought a peaceful settlement of the Arab-

Riots hit Cairo subsidy cut plan

BY TONY WALKER IN CAIRO

RIOTS AT the weekend in a Nile Delta town apparently in protest at increased food costs have dealt a serious blow to those in the Egyptian Government advocating price reforms.

President Hosni Mubarak recently instituted a wide-ranging debate aimed at persuading people of the need for a reduction in subsidies on basic foodstuffs and fuel.

But the weekend rioting, which left three dead, has undermined the risks attached to tampering with Egypt's subsidy system.

The late President Sadat was forced in 1977 to give way on food price increases after widespread rioting left 79 dead and caused hundreds of millions of dollars worth of damage.

Israel optimistic Syria will agree pullout conditions

BY DAVID LENNON IN TEL AVIV

ISRAELIS cautiously optimistic that Syria will agree to its conditions for a unilateral withdrawal of Israeli troops from Lebanon within six to nine months.

The outline of the Israeli proposals was discussed in Damascus and Beirut last week by Mr Richard Murphy, the U.S. under-secretary of state. The key elements are a Syrian undertaking not to advance its forces from their present deployment in Lebanon, and to deplore the Palestinian guerrillas crossing from Syrian-held territory to attack Israel.

Mr Haim Barlev, the minister

Some respite for Durban fugitives

By Anthony Robinson in Johannesburg

THE DAY of decision in the long running saga of the six men holed up in the British consulate in Durban has been postponed yet again. This follows the surprise decision of the Attorney General of Natal to withdraw charges against 46 people accused of offences under the internal security Acts last November, including three of the six men in the consulate.

This means that the three no longer face the risk of re-arrest which hung over them until this morning. They had faced the choice of either leaving the consulate voluntarily to go to court, or risk being ejected from the consulate and arrested on the basis of an arrest warrant issued because of failure to attend the court.

Faced with this apparent choice lawyers for the six earlier sent teleggrams to the U.S., West German, French and Dutch embassies here seeking sanctuary for the six. All the embassies concerned forwarded the telexes to their respective capitals for a decision.

The next milestone in this three-week long drama is due tomorrow when a court in Pietermaritzburg is expected to give judgment on an appeal against the detention without trial orders placed on the men.

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Anzus economic role ruled out

By Nicholas Colchester

MR DAVID LANGE, the Prime Minister of New Zealand, will not press for the Anzus defence pact between Australia, New Zealand and the U.S. to be modified to include an economic dimension. Mr Lange made this clear at a Press conference in London yesterday.

"Some argue that Anzus should have an economic significance. The U.S. does not see Anzus that way and neither do I. Any New Zealand move to emphasise the economic favour of Anzus has now lapsed," the Prime Minister said.

But, after a meeting with the British Prime Minister, Mrs Margaret Thatcher, at Chequers on Sunday, Mr Lange also made it plain that he was unwavering in New Zealand's insistence that no U.S. ships that were nuclear powered or carrying nuclear weapons could berth in New Zealand's ports.

Carriam case

COMMITTAL proceedings began behind closed doors in Hong Kong yesterday against five men who face charges of conspiracy to defraud in connection with the collapsed property group Carriam Investments.

Mr Michael Thomas, the territory's Attorney General, announced the magistrate's decision to hold the proceedings in camera.

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AMERICAN NEWS

Beirut bomb attack still keeps Reagan on the defensive

BY REGINALD DALE IN WASHINGTON

DESPITE HIS efforts to shake it off, the bombing of the U.S. embassy in East Beirut 12 days ago is continuing to dog President Ronald Reagan's footsteps.

The disaster, and more particularly Mr Reagan's response to it, at last seems to have given Mr Walter Mondale and his fellow Democrats an issue that they can use to probe behind Mr Reagan's defensive screen of presidential aloofness.

The Democratic challenger, having failed to make much impact on public opinion with his bold call for a tax increase to reduce budget deficits, is now concentrating his fire on Mr Reagan's foreign policies.

He is using both the Beirut bombing and Mr Reagan's inconclusive talks last week with Mr Andrei Gromyko, Soviet Foreign Minister, to challenge the President in what has hitherto been regarded as one of his strongest suits - his reputation for "strong leadership."

Mr Mondale said yesterday that the two events had shown that Mr Reagan "is not really in charge. He is not mastering the details, he is not leading on the crucial questions of arms control, the Lebanese situation - which was a classic example of default in leadership - and he is not answering the questions of the American people that bear on leadership."

Mr Reagan has himself provided extra ammunition for Mr Mondale by giving the widespread impression that he is trying to duck responsibility for the Beirut disaster. First, he made an unguarded remark comparing the difficulty of completing security precautions with the frustration felt by homeowners waiting longer than expected for their kitchen to be "done over."

Then, he appeared to blame an alleged runderung of the Central Intelligence Agency under President Jimmy Carter. When that caused an outcry from Democratic leaders, he tried to blame the media for misreporting him.

Tim Coone reports on an emerging nationalist line Honduras loosens ties with U.S.

ALMOST SIX months after the ousting of General Gustavo Alvarez, the head of the Honduran armed forces, the full effects of that change are only now beginning to be felt. Most significantly, the U.S. is now facing the renegotiation of a series of military treaties with Honduras dating from 1964 and the training of El Salvadoran troops in Honduras has been stopped. A new nationalist line has emerged in Honduras.

General Alvarez was removed at the insistence of a group of reformist colonels headed by General Walter Lopez, chief of the air force. Last month, a second "mini-coup" took place, with the removal of Sr Carlos Flores Facusse, the Minister of the Presidency, in a cabinet reshuffle. Sr Flores was widely considered to be President Suazo Cordoba's closest adviser. It is thought that Sr Flores' removal was brought about by the same group of officers that ousted Gen Alvarez.

The reasons are rooted in a growing dissatisfaction with the poor returns that the ruling Liberal's close alignment with U.S. foreign policy objectives have brought Honduras. The country has been the linchpin of U.S. defence strategy in the

region. It has been the logistical base and "rest and recuperation centre" for the U.S.-backed guerrillas of the FDN and Misura fighting in Nicaragua. The U.S. has built an extensive military infrastructure of airfields, supply depots and a port in the north to facilitate a rapid major deployment of U.S. troops in the region if necessary.

Honduras has also been the site of a series of manoeuvres between the U.S. and Honduran armed forces with the clear intention of intimidating Nicaragua to the south. However, the militarisation of the country and the build-up of U.S. troops led to widespread concern that Honduras' main problem, its economy, was being ignored, and that it was in danger of being dragged into a war that it clearly did not want.

"We had all the risk of the U.S. troops here, but few of the benefits," said one Honduran businessman pleased with the new direction of the Government.

It has created problems for the U.S. however. The deputy head of the U.S. diplomatic mission in Honduras admitted that the renegotiation of the military treaties was having "an inhibiting effect" on the

programme of manoeuvres. He said it was also unlikely that the Panamanian-based "School of the Americas" would be now transferred to Honduras. In 1983, the U.S. established a regional military training school (Crem) at El Trujillo in northern Honduras to train El Salvadoran infantry battalions in counter-insurgency operations. The centre may now be used only to train Honduran troops.

The role of the Honduran army continues to be pivotal in Honduran politics. According to a prominent Honduran historian and specialist on the Honduran armed forces, "The Army is the most powerful political institution in the country, more so than any one political party. The officers are trained to be able to take power if necessary."

Their role in civil matters is also now enshrined in Paragraph 52 of the constitutive act of the armed forces which was passed by the civil legislature on August 2 and which gives the armed forces a legal basis for involvement in the economic, social and political development of the country.

"No party can make a significant change without the support of the

armed forces" said the historian, who did not wish to be named. "The CIA was taken by surprise by the ousting of Alvarez and has lost its grip on the armed forces, but it will be trying to re-establish its hold."

Sr Flores' removal was apparently because, independently, he was seeking to buy political allies in the army and to re-establish military support for the group of liberals surrounding the presidency. Sr Flores dismisses such claims as "speculation and rumour" put out by his opponents to damage him politically. Sr Flores, an extremely bright and able politician, was considered to be a potential presidential candidate in 1985.

He was apparently delighted at Alvarez' removal, saying: "Alvarez was abrasive and dictatorial and behaved as though he was the government. He would set out to destroy anybody who opposed him."

However, political observers in Honduras say that the differences between Sr Flores Facusse and General Alvarez were more to do with style than policies, and, with the ousting of both, power has shifted firmly from the presidency to the reformist colonels. The negotia-

tions with the U.S. will now put Honduran concerns before U.S. concerns with El Salvador, according to Sr Flores, and to seek increased aid "in all fields."

The reformist colonels, however, are not entirely secure. Gen Alvarez has been threatening to make a comeback from his enforced exile in the U.S. but that could be turned to the colonels' advantage. According to Sr Ramon Custodio, the head of the Human Rights Commission in Honduras, at least 20 officers who are thought to be linked to the disappearances of more than 100 trade union and opposition political activists during Gen Alvarez' reign, are still in their posts. "If Alvarez returns, Gen Lopez will almost certainly start proceedings against him on corruption and human rights violations charges" said Dr Custodio "and if charges are brought against Alvarez, then the other 20 officers will also fall."

With that card up the Army's little option but to toe the reformist colonels' line for the time being, and, as long as they hold the reins of power, the U.S. has little option but to tag along.

UAW starts pay talks with Ford

By Terry O'Leary in New York

A NEW round of negotiations in the U.S. motor industry began yesterday, when the United Auto Workers met with Ford, the second-largest vehicle company, in an effort to make a similar deal to the one just concluded with General Motors.

The UAW has already set out its tactics in stating that it wants "to continue on its traditional course of so-called 'pattern' bargaining. Under this system, widely used in the most unionised U.S. industries, particularly autos and steel, an agreement negotiated with one group becomes the pattern for all the other companies in the sector."

Economic problems over the last few years have brought the pattern system under increasing pressure in the major industries. In the motor sector, Chrysler, the third largest of the U.S. auto groups, was forced to drop out of the three-year negotiating system when it ran into its financial crisis at the end of the 1970s, while Ford has recently been warning that it does not want to be tied by whatever agreement GM makes.

The UAW has made it clear that it would like to bring Chrysler back into the normal triennial round now that the company is in better financial shape and earning healthy profits again.

Chrysler managed to negotiate an agreement a year ago which will leave its employees earning substantially less than workers at GM under the new contract. The existing Chrysler deal is not due to expire until September 1985, so there will almost certainly be some very strong pressure on the company to fall into line.

Ford's labour relations vice-president, Mr Peter Pestillo, said recently that the company would "look carefully" at the GM document. But the emphatic way in which both he and Mr Phillip Caldwell, the company's chairman, have insisted that they may want to depart from the GM pattern has suggested that the smaller company may well fight hard for some detailed changes.

Ford's biggest problem in accepting a GM-type deal is that it is less vertically integrated than GM. This means that its own tactics in closing its plants or increasing its sourcing from suppliers are likely to be different from GM's.

U.S. presses for Contadora treaty change

By Hugh O'Shaughnessy in San Jose, Costa Rica

THE U.S. Government is pressing for modification to the final draft of the Contadora treaty on peace and democracy in Central America.

The treaty has been worked on for more than a year by the four countries in the Contadora group - Mexico, Panama, Colombia and Venezuela - in collaboration with the governments of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

It is due to be published on October 15 and aims to put a halt to the fighting in the region, especially in Nicaragua and El Salvador, to secure the withdrawal of U.S., Cuban and other troops from the area and to establish more effective democratic structures in the Central American republics.

The Contadora peace initiatives were singled out for particular support by the 21 European and Latin American foreign ministers who met last week in Costa Rica.

The U.S. pressure has come in the wake of the decision of the left-wing Sandinista Government of Nicaragua last month to sign the final draft with no reservations. The Sandinista move took the U.S. Administration by surprise.

In a letter to Mr Peter Barry, the Irish foreign minister, and president of the EEC Council of Ministers Mr George Shultz, U.S. Secretary of State secretary of state, accused the Nicaraguan Government of unwillingness to accept the Contadora treaty and of trying to avoid provisions for the verification of troop withdrawals from the region.



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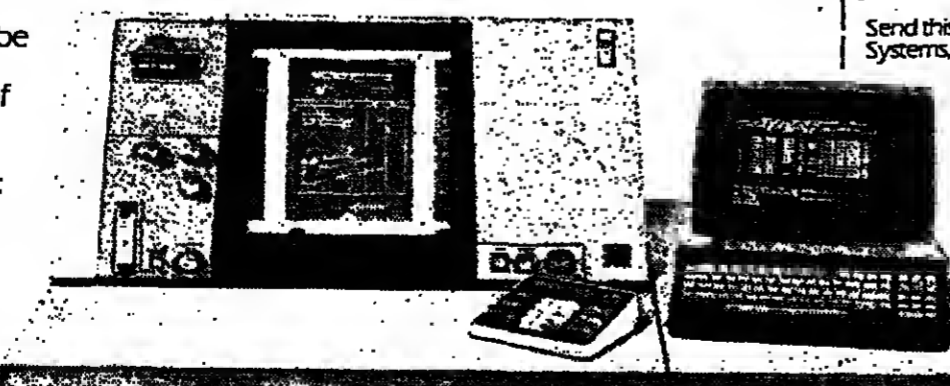
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Pursuant to resolutions adopted at the Extraordinary General Meeting of shareholders held on September 12th, 1984, the Corporation, by amendment of its Articles of Incorporation, has adopted, effective October 1st, 1984, the structure of a SICAV in accordance with chapter 2 of the law of August 25, 1983, regarding collective investment undertakings. The shares are now of no par value.

Therefore, from October 1st to November 1st, 1984, the share certificates of the Company will have to be reissued for stamping to Kredietbank S.A. Luxembourg, 43, boulevard Royal, Luxembourg.

As from November 1st, 1984, shares not stamped are no longer of good delivery at the Luxembourg Stock Exchange.

By order of the Board of Directors

TECHNOLOGY

RAIL SAFETY THROUGH ELECTRONICS

Trusty tokens give way to radio codes

BY MARK MEREDITH

WOULD ALL those sleepy rural train routes have been axed if Lord Beeching knew about British Rail's radio electronic token block?

Would 3,800 miles of rail line have closed since his report in 1963 if this blindingly obvious application of microelectronics been around, offering the kind of cost savings to make these routes lose less—or perhaps make—money?

It opens a new alternative to closure on many lines as well as presenting British Rail with a possible export winner for developing countries' railways.

Radio train despatch "to give it its less high-tech name, goes away with signals, signal boxes and signmen on those single track lines winding through rural Britain. It could apply to about 12 routes, none of which earn British Rail any money.

It works like this: trains running both ways on a single track depend on a fail-safe traffic control system to ensure that no two trains are on one section of track at the same time.

A foolproof but costly Victorian system is in operation at the moment on many of these lines. It only allows one train at a time on any one stretch of track by dispensing a unique token to the driver moving onto that section.

He leans out of his cab window and, from the signman by the trackside, scoops up a hoop with a leather pouch attached containing a token engraved with the name of the stretch of track. The driver knows no one else can have this token and no other trains can be on that track.

This procedure ensures trains are safely parked in the various passing loops along the line to wait for the line to clear.

On the scenic routes to Skye 64 miles across the Scottish highlands from Inverness to Kyle of Lochalsh, Victorian and micro technology have been operating in uneasy tandem.

Twenty-three jobs are about to be lost among the signmen in a part of Britain with very

little in the way of alternative jobs. The implications nationwide are also a sensitive subject for British Rail and its unions.

On one side of the signal room at Dingwall Station is a microcomputer. On the other is George Munro, manning a marvellous green-painted apparatus looking like a fruit machine from the last century. Bells ring alerting Mr Munro to the approaching train. He pulls a lever on his green painted machine with its shining brass manufacturers trade mark "Tyler's patent train tablet." It cannot disgorge a token unless any other token for the Dingwall to Garve section of track has been returned.

Mr Munro takes the tablet, packs it in its leather pouch with the hoop on it for the driver to catch and hops on his bicycle to pedal the 200 or so metres down the track to the rendezvous with the train.

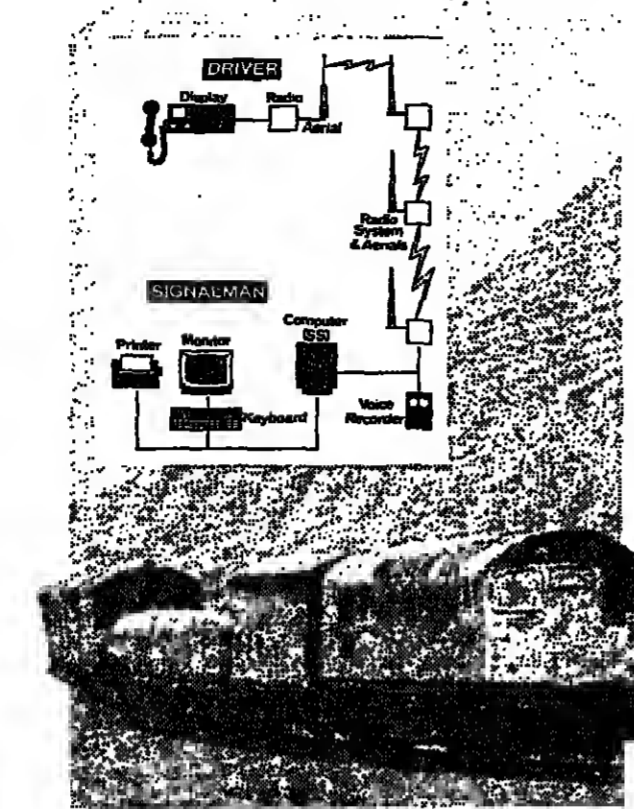
Across the room behind his visual display unit sits Ian Dalton in shirt sleeves, doing the work of not only George Munro but all 20 signmen on the line along with their signal boxes and the miles of track-side cable which operate the old signals.

He also issues tokens but these are in the form of electronically coded signals sent by VEF radio to the train driver. They light up a small red display panel on a receiver in the cab of the train with the name of the stretch of track (say Dingwall to Garve).

The small computer gives Mr Dalton a graphics display of the track, its passing loops and shows which trains are where. It will only issue a token or permission to run on a section of track if it is clear. The system could handle virtually any length of track and number of trains simultaneously.

"Today Dingwall, tomorrow the world," observed George Hendry, the traffic superintendent for the Kyle line, exploding into a laugh.

The driver approaching the next section of his run presses a button on his receiver to in-



How radio train despatch works

terrogate the system and request permission to proceed. This request is processed electronically and the dispatcher then issues the go-ahead token to the train which has its own code number.

In truth, the older system seems more at home on the Highland line which operates largely for the benefit of tourists crossing the Highlands on their way to Skye.

The line, which stopped first at Stromferry in 1870 when funds ran out after slicing through rock hillsides, was completed in 1896, and gives some stunning views of the Highlands.

Using seasoned rolling stock, and going through some magnificently timeless countryside the cost of the operation does not sink in. The pace is a leisurely 30 miles an hour to prevent unnecessary wear on the line but the passengers are by and large not looking for an express ride.

One of the three trains a day pulls a 1930s vintage observation car which for an extra fee offers comfy livingroom arm-

chairs and a commentary from a hostess.

According to British Rail, the new system—about a third of which was financed by the EEC—represents an investment of \$415,000 which will be entirely covered by two years of operation. It will cut costs by \$77,000 a year thereafter.

But information is scarce on the real saving to other lines. British Rail does not reveal the operating cost of each line or, for that matter, the proportion of costs represented by signalling and the eventual profit or loss figures on a route. What it does indicate is that the system will lose less and therefore be less prone to future cuts.

Other lines await similar attention including the Inverness to Wick run in the far north, the West Highland line from Glasgow to Oban. In England, possibilities include the Ipswich to Lowestoft and Exeter to Barnstable lines.

British Rail say no export enquiries have been received as yet but for countries with slow single track lines, the potential is there.

The name of this game is convergence

Video & Film

BY JOHN CHITTOCK

IT IS exhibition and conference time for the television and video industries and along with the flush of new products comes a renewed determination to get down to serious business. Just finished in Brighton has been the huge International Broadcasting Convention; starting this month are the London Multi-Media Market, Photokina in Cologne, VIDCOM in Cannes, the prestigious U.S. conference of the Society of Motion Picture and Television Engineers—and many more events covering everything from video piracy to interactive video.

There is never a shortage of new products which are arguably slightly better than the ones they replace or challenge. So there were new professional video cameras from JVC (impressive in demonstrations), improved broadcast videotape from Sif (claiming an outstanding performance), an all-electronic animation system from Quantel that promises to take image processing to higher levels of flexibility, and a Sony video graphics system that offers semi-professional standards at a remarkably low price. The list is endless and the benefits beyond coherent assessment.

What is important, perhaps, is the identification of trends. The business follows technical and commercial waves of fashion, and it helps to be ahead in spotting the future trends.

The name of the game at present is convergence. Not the technical term for the alignment of red, green and blue signals in a television tube (an adjustment problem no longer besetting TV receivers), but the marriage of different technologies in order to yield added value.

Computers dominate this convergence process. It is becoming impossible to exploit the benefits of television without an understanding of computers. Although the connection has been mostly of relevance only to engineers, users are no longer safe in their ignorance.

One of the issues of 1984 responsible for this trend is interactive video, and video discs in particular. Along with the exhibitions and conferences, interactive video is popping up all over the place—reaching perhaps a climax later this month when Britain will open its National Interactive Video Centre in London.

Two weeks ago, Phillips ran an

active programs to be remotely up-dated.

Another area of convergence for video is the marriage of hi fi sound to domestic VCRs. Although the impact of this on home video has yet to be fully experienced, the industry clearly believes that it is going to be big business. The major duplicating houses are investing heavily in the new hi fi equipment—such as REW Video Duplication, who have announced the installation of 170 Betamax hi fi recorders and over 500 JVC VHS hi fi machines.

The other important arrival this month on the home video scene is the combined video camera-recorder for VHS users. The Ferguson-branded version of this will be one of the features in a \$3.75m advertising campaign (along with hi-fi video, compact disc and simple old television sets).

Despite the synergy of new technologies, film continues to make its contribution. One of the most interesting video demonstrations I have seen in recent times paradoxically owed its success to film photography. In unveiling the new JVC professional cameras, Bell & Howell (the UK agents) used a film cameraman turned TV cameraman—Geoff Boyle—to shoot the tests.

Mr Boyle explained that as a film man he prefers to re-align TV cameras to yield picture quality similar to film. This involves internal adjustments to the camera, which is normally set to reproduce the tonal scales in precisely similar steps to the original subject. But the consequences of this technically accurate approach can produce, on television, burnt out highlights and solid black shadows. Film reproduction is much more gentle, with shadows and highlights "sloping" away gradually.

The results of Mr Boyle's "realism" greatly impressed a technical audience. It reminded us that the television engineers can still benefit from the film industry—if willing to mix craft with technology.

Perhaps that could be the next trend over the horizon. As the law of diminishing returns slows down the technical advances, the pragmatists could show the engineers that old ideas offer exciting prospects of marriage to open-minded suitors.

Lovell
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Electronics Goldless chip paste

JOHNSON MATTHEY Chem-cals has introduced a new conductive silver-glass paste called AuSub designed to replace gold in hermetic packages involving large area silicon chips.

The company says it effectively fills the gap between expensive gold silicon eutectic bonding and silver filled organic compounds which cannot be used in hermetically sealed packages because of outgassing and degradation.

Typical uses include ceramic dual-in-line packages, sidebrake, pin-grid array and ceramic chip carriers. AuSub facilitates high speed automation; no special equipment is necessary and a throughput of 2,000 units an hour is possible.

Materials Ceramic air valves

JAPANESE COMPANIES NEK and Asahi Glass have jointly developed ceramic valves for use on blast furnace tuyere piping to control the flow of hot blast air.

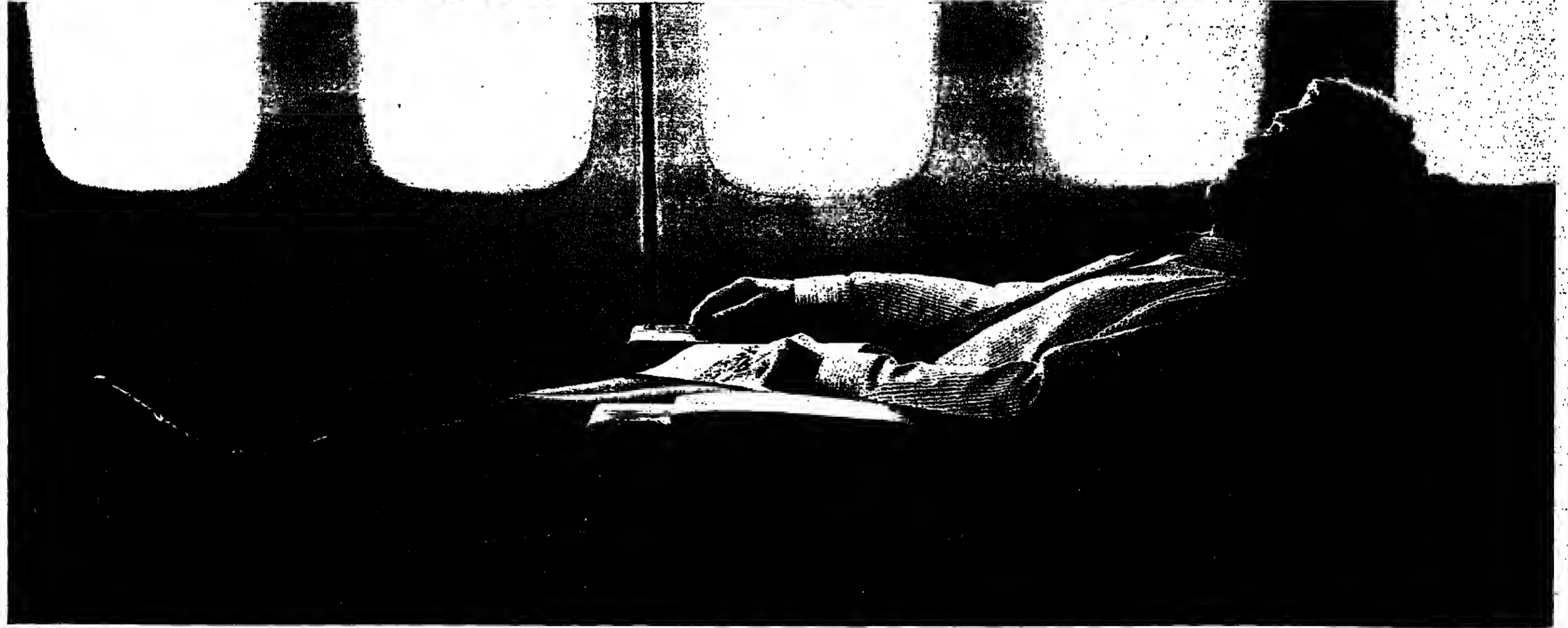
According to the developers, this is the first commercial use of this kind of ceramic valve in the steel industry.

The valves function well in temperatures of 900-1200 degrees Centigrade and pressures of four kilograms per square centimetre.

Turbulence is reduced through the use of a special joint structure in which the ceramic valve is connected to a metal drive shaft.

The first of these valves were installed on tuyere piping of the Ogasawara No 2 blast furnace at NKK's Keihin Works in March this year.

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THE ARTS

New Contemporaries, ICA/William Packer

Fine Art at the barricades

The entire exhibition space of the ICA is now occupied (until October 21) by the New Contemporaries exhibition, a well chosen, well hung, rather spare selection of work sent in by students in schools of fine art around the country...

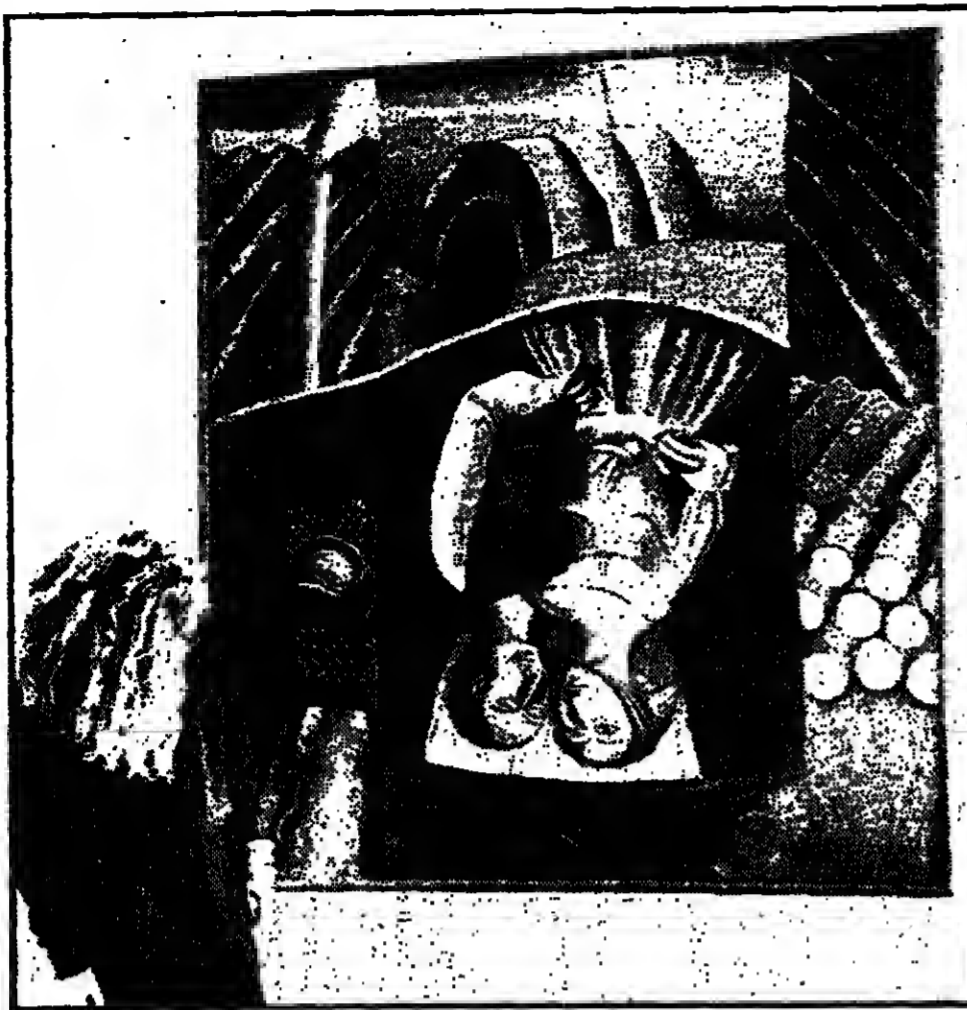
But in times of economic retrenchment and constraint, in higher education quite as much as in any other sphere of our national life, the arts are always vulnerable; and in art education, just so, it will always be Fine Art in its several forms—painting, sculpture, printmaking, photography, film and video, performance—that is naturally first to be called to account.

There have been many travails of our art schools, which is to say of our community of artists, actual and potential, since the much-vaunted reforms of 20 years ago, when the pass was sold. Not least was the subsequent polytechnicisation, by which so many of our historic provincial schools were persuaded into the supposedly protective embrace of the larger institutions...

Well, hints at possibilities are hardly promises, and we should not be too surprised that nothing much has ever come of them. Some of these forced relationships have seemed to work well enough on the surface, for life goes on, but by no means all, and never entirely without uneasiness. It is ever quite sure of the pike. The processes and practice of the schools of Fine Art remain mysteries to the historians and engineers who direct these places and fill out the academic boards and end-less committees necessary for polytechnic education...

The litany of crisis, open or incipient is as long and depressing as the list of schools itself. Sheffield, now undetected and underfunded; Wolverhampton in the same case; Liverpool, its recognition in Fine Art lost; Ravensbourne voluntarily liquidating the Fine Art department that lay at the heart of its School of Art; Nor are the few free-standing schools safe: Wichester has been beaten off several attacks, Canterbury and Maidstone, too, and now Falmouth is embattled. In London the Fine Art departments of the Central and St Martin's, both of them enjoying international reputations, are at this very moment being forced together. Across the country, the Foundation Courses, which prepare the students for the higher schools, and when everyone concerned in higher education knows to be essential to its health, are being threatened.

Oh dear, oh dear: what is so special about education in Fine Art, that its trimming down, when education of all other kinds is suffering too, should matter so much? The answer can be put only in general terms, for I would not ask Peter to pay Paul, and money



'Five Travellers' by Edward Summerton

is an immediate cause of the difficulty. But behind that cause lie many contradictions and confusions. In spite of everything we have continued to maintain, even at times to extend, a system of art education peculiar to ourselves and the envy of the world, that is all the more rare and precious, and unexpected, for our being so visually ignorant and philistine a nation. Our artists stand high enough in the world, and would stand higher still were we prepared to take more open pride in what they do, and our designers in the applied and practical arts are snipped up almost before they are out of college by our industrial and commercial competitors in America, Italy, Germany, France, Japan, who know good things when they see them, and cannot believe their luck that we should remain so suspicious of those two intangibles, Art and Design.

Half the point has perhaps at last been taken, for the importance of design to our industry and commercial health has lately become a conventional platitude of the whole alphabet of DES, DTI, DOE, IOD, CBI, and has even been heard hanging in the air of Downing Street itself. So far so good, but none of it has made any art school in the country feel any the more confident of its future, and we have yet to see if we can bring ourselves to treat the designer as Olivetti, shall we say, or Braun treat him, or whether he will remain the mere functionary who redesigns the letterhead or logo. But Design is not about taring up appearances, but rather the making of beautiful things that work beautifully in an integral character. The real point, which we ignore at the long-term cost to ourselves, is that Art and Design are not separate things, the one to be sought off conveniently, the other to be celebrated and exploited. They go together, indeed are part of the same thing. There never was a time

when there was Good Art and Bad Design or, rather more to the point, Bad Art and Good Design—and to debate fine art education now is to put at risk the true value of the education in design that some in industry and government now say they would encourage. Look to Architecture, which was always held to be one of the fine arts, and I need hardly remind you that we now have to live with the consequences of its seduction by the fashionable sirens of engineering, planning, high technology, low art. Ask your designer first, as you should have asked your architect, if he can draw.

But artists are resilient creatures, or they would not be artists; and still, every year, our fine art schools produce something their crop of lively, intelligent and creative individuals whose value to society is not quantifiable in narrow vocational terms, but who by their engagement with their chosen discipline will do their bit to keep the common fund of ideas topped up, for others to use as they will. The New Contemporaries is thus a kind of reproach, for we seem to be taking full measure while paying for less. It is an eclectic show, as every half-decent student show ever was, and ours is more than ever an eclectic age. Its quiet professionalism, however, is more unexpected, and though no bad thing, makes the days of the hectic Young Contemporaries in Suffolk Street seem far away, the walls hung to the ceiling and a first sight to be caught of a Hockney or Boshier or Hoyland.

Who knows who might be here this time? All I can do is mark your card unfairly and arbitrarily: the paintings in the upper galleries of Paul Gough, Elaine Brown and Edward Summerton, and downstairs, Jonathan Waller, all of them figurative: the sculpture, a stone-carving, of Vega Bernajo-Castellano just inside the door, the surrealist fish tank of Catherine Yass, and upstairs, Michael Wright's miniature

rooms, devastatingly realistic, and the little bronze Suncart of Tim Sandys-Rentou. As for Film and Video and Performance, I can say nothing of them for I was unable to give them time enough to do them justice.

There are village shows and village shows, and while the local art exhibition might have a certain charm, one would be loth to suggest that curiosity triumph over even moderate distance. But it is not every year that one can draw upon the work of artists and craftsmen from all over southern England, or can boast a turnover on its last occasion of getting on for £25,000.

Every late September these ten years past, Margie Crawford and Georgina Harvey, of Thursley in Surrey, have squeezed as much art and craft as possible into the pint pot of their village hall; and every year they have worked to make sure the latest show is if not bigger, then most certainly better than the one before. It is very much their show, for they fix firmly upon the artists they wish to take part, and exercise their considerable powers of persuasion to secure new recruits. The result has been that over many years they have managed to pull off the difficult trick of keeping professional standards high enough to establish the seriousness of the exercise without giving up the local base that gives it all its peculiar character.

Last year local sponsors came forward for the first time bearing prizes; and the year £1,000 has been offered by the Capital Chapman Group of Haslemere. The judges were Carol Weight RA, lately professor at the Royal College of Art, Ian Jenkin, Principal of Camberwell School of Art, and your own critic. If you wish to see what our judgement was, the Thursley Exhibition remains open every single day, from 10 till 6, until October 14.

The rediscovery of a mature work by a great composer is an exciting event. Rossini's last Italian opera and his first for Paris, Il Raggio di Reims, was highly praised in its day and had long been thought lost. It was staged at the Théâtre-Italien in 1825 in celebration of Charles X's coronation, and three years later Rossini re-used about half the music in the bewitching Le Comte Ory. The libretto of Il Raggio survived but the score was scattered. Now the American scholar Janet Johnson has retrieved and reassembled it: some of the autograph had found its way into Rome's Santa Cecilia library (Rossini's widow presented it to the family doctor), and performing materials—instrumental and vocal parts—turned up in Paris and in Vienna. Il Raggio was recently given its first modern performances at the Rossini Festival in Pesaro, the composer's birthplace.

A piece de circonstance, it was devised to show off the Italian troupe at strength. The cast—10 famous principals and eight cadet singers—was led by the brilliant soprano, the Roman improvisatrice, a heroine borrowed from Mme de Staël's once-famous novel Corinne. Laure Cinti, later the heroine of Rossini's four Opera pieces, played the Comtesse de Folleville, a spirited young widow. Domenico Donzelli, later the first Pollioune, was the Chevalier Belfiore, a dashing young officer. And so on. The plot is negligible: an international group of travellers, bound for Rheims and the coronation, is stranded at an inn through lack of horses. Amorous cross-currents—wooings, quarrels, reconciliations—provide such action as there is, and the travellers' decision to stage their own celebration provides the finale, a sequence of national airs. A German baron sings a rhapsodic hymn; Lord Sidney (loosely based on Mme de Staël's Lord Nevill) sings "the only tune he knows." God save the King; and Corinna crowns things by improvising, to harp accompaniment, five noble stanzas in praise of the

display of science, charm, melodic invention, grace, skill, and high spirits. Le Comte Ory has been aptly characterised as a bridge between Così fan tutte and Berlioz's Béatrice et Donizetti, and Il Raggio is a companion piece of similar musical quality—a staged divertimento, a scenic cantata, refined, beautiful, and entertaining. Pesaro sought to assemble a worthy all-star cast. Claudio Abbado conducted, Luca Ronconi produced, and the 10 principals were Cecilia Gasdia (in the Pasta role), Lucia Valentini Terrani, Lella Cuberli, Katia Ricciarelli, Edoardo Gimeñez, Dalmacio

not encouraged, or even allowed, to phrase with individual delicacy and charm. The opera was staged—though "staged" is hardly the word—not in the charming little Teatro Rossini but in the even smaller concert hall of the Rossini Conservatory. At the same time, the show was televised, on a giant screen in the town piazza. It was, in effect, an arty concert performance in costume, larded with "gags." The principals entered from bathtubs, draped in their national flags. Cuberli had to sing her grand aria dressed in her underclothes. Gasdia sang Corinna's improvisation without any of its Greek passion, as if crying its sentiments, and in the last verse, together with her harpist, went up in a lift. The vision crept onstage and in the course formed part of the show, and pitched electrical huge, disturbed the music. It was, in fact, no more than an undergraduate romp. And the approach got into the music. Ramey, for example, sang miordra tender confusion of love with no trace of intimacy, while his Corinna attitudinized upstairs. Ricciarelli was in poor form. Valentini Terrani's voice sounded worn both above and below. Gasdia was not well suited by Corinna's music (Pasta at this time was termed a prima donna contralto). In fact, the only singer with something of a Rossinian sparkle in his manner was Gimeñez, as Belfiore.

Andrew Porter reports on a "lost" work by Rossini revived in the composer's birthplace.

Dramatic it is not—except in its musical events. The score is cast in the form of nine extended numbers, each of several movements: arias, duets, a sextet, a 13-voice unaccompanied ensemble followed by a 14-voice stretta. Contemporary critics described Il piaggio as a one-act opera lasting three hours. In 1825 it was broken by two intervals, and in Pesaro by one. There was 2½ hours of music. It's a captivating

new monarch. But things didn't work out quite as one hoped, for both Abbado and Ronconi seemed in different ways to have missed the point of the piece. Abbado's reading, trimly executed by the Chamber Orchestra of Europe, was tight, tense, driven. It lacked playfulness, humour, easy, relaxed, aristocratic grace, and it was often too fast. The soloists—vocal and instrumental—were

L'Amour des trois Oranges/Geneva

Andrew Clark

but they were properly placed, and the use of house lights and front-of-house romps by cast and chorus kept the element of jest without becoming repetitive or tedious. The outside jack-in-the-box card duel in Act I and the exquisitely lit desert "love scene" with Ninette both elevated the music to a special way, and seemed to inhabit a world of beguiling simplicity and fairytale charm distantly related to L'enfant et les sortilèges.

The only weaknesses were the impetuous, over-egmented treatment of the stage audience, which reduced the chorus to the status of plastic marionettes, and the inhibited orchestral playing, well-coordinated by Horst Stein but not sufficiently virtuosic in execution.

The casting had been handled intelligently. Much of the performance's wit emanated from a group of experienced character-singers including Jules Bastin as the King, Michel Trempont as Léandre and Jocelyne Tailleur's Princesse Clarisse, a delicious cross between one of

Cinderella's ugly sisters and Miss Piggy. The purity and technical ease of Christine Barbaux's Ninette suggest a singer of the highest calibre, and Joseph Evans, making his European debut in the role of the Prince, also sounded promising; his tenor voice has strength and style, he is tall and good-looking, and his stagecraft—apart from a few

gestures more akin to American musical—encompassed both comedy and pathos. The comprimarios all sang with panache, the French text came across understandably, and the clarity of conception and realisation pervading the whole enterprise reflected Prokofiev's own precise description of what he was aiming for: an evening of "amusing opera."

The virtue of Andrei Serban's new production of The Love for Three Oranges, which opened the Geneva season at the Grand Théâtre, was that it provided a new and special way of seeing the opera. Since Prokofiev's Gozzi opera offers production teams a standing invitation to overreach themselves, the achievement of Serban and his designer, Benjamin Monteux, was considerable. It managed to strike the balance between realising the work's absurdist posture while leaving ample room for the composer and his music.

With Turandot behind him and King Stag to follow in Boston, it is very much Serban's year of Gozzi, whose "magical mirror" theatrical metaphor was taken quite literally here in a tall, spacious, well-lit set of reflecting panels and gallery. This bright, bare, modern framework relieved the stage of complicated scene shifting; and the scarcity of naturalistic props, above all in the kitchen, encouraged the imagination in the style of pantomime, a tradition equally well suggested by the costumes. There were gags, to be sure.

Christie's yesterday, with the better items going for well over their estimate. A pair of hexagonal vases with domed covers in the Inari style sold for £14,040, well above forecast. In 1898 they had sold at Christie's for £1,550. A pair of powder-blue ground hexagonal vases, painted with exotic birds, realised £10,080.

Both lots were bought by the Sittingbourne dealers, Steppes Hill Farm, Antiques. One of the most surprising prices was the £4,320 which secured a fluted hop-trellis sugar bowl and cover. It more than doubled its forecast with Albert Amor, the London dealer, the purchaser. The vase was painted with a bird perched on a branch also did exceptionally well, selling for £3,780. It was noticeable that pieces in good condition made the best prices.

Wright portrait has £1m tag

The greatest portrait group by Joseph Wright of Derby—"Mr and Mrs Thomas Colman setting out to ride"—comes under the hammer at Christie's on November 23. The auction house is expecting bids in excess of £1m. When it was painted in 1770-71 it sold for £63.

Although Joseph Wright is best known for his scientific paintings with atmospheric lighting this portrait of an early patron is considered to be one of the greatest works of 18th century British painting, and it has been much exhibited. It has descended from Thomas Colman to the present owner who is selling it to make adequate provision for future generations.

The collection of Worcester porcelain by Brigadier Douglas Phelps sold for £128,223 at



The Financial Times Wildlife Photographic Exhibition, a collection of photographs taken in Zambia by Glynis Genin, Picture Editor of the FT, opened yesterday at the City Museum in Bristol. It is part of the month-long Bristol Wildlife Festival.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 28-Oct 1

Opera and Ballet

PARIS

Macbeth conducted by Georges Frétre in a new production by Antoine Vitez with Renato Bruson as Macbeth and Shirley Verrett in the role of Lady Macbeth. Paris Opera-Palais Garnier. (7425790). Ensamblé Chabrier's L'Étoile, a light-hearted opera in three acts at the Opéra Comique-Salle Favart. (2894611). Jacques Offenbach's perichole, describing the adventures and misadventures of the vicary of Paris and the beautiful Parichole. Théâtre des Champs Élysées. (7232677).

WEST GERMANY

Berlin, Deutsche Oper: Ophonus and Eurydice is well cast with Frances Quiver, Lucia Posenock and Carol Malone. La Bohème has Pilar Lorange and Franco Tagliavini. The first new production of the new Ring cycle, produced by Götze Friedrich, features Simon Estes, Gottfried Horvik and Cheryl Studer (94281). Hamburg, Staatsoper: The week starts with Zar und Zimmermann, finely interpreted by Jutta-Renate Blöchl and Udo Kreckow. Pelléas and Mélisande is of respectable standard with Ryland Davies and Judith Blegen in the main parts. Die Entführung aus dem Serail brings together Gabriele Fontana, John Dickie and Alexander Malta. (981151). Cologne, Opera: The highly acclaimed television production of La Gazza

Lieda returns to the programme with Alberto Roldán, Roldán Panerai in the title role. (2481086). English National Opera, Coliseum: A new Madam Butterfly, produced by Graham Vick, promises some thought-provoking departures from long-held Puccinian tradition. John Mauceri conducts, Linda Esther Gray leads the cast. Last performance of the brilliant new production of Jannace's Ombra, and of the rather less brilliant Flying Dutchman revival—both stagings credited to David Pountney. (6363161). Sadler's Wells: Sadler's Wells Royal Ballet with La Fille mal gardée and Petrushka. (2789816).

NEW YORK

Metropolitan Opera (Opera House): The season's opening repertory includes James Levine conducting Leo's production of La Traviata with soprano Eva Marton and tenor Plácido Domingo; Nello Santì conducting Eugene O'Neill and Julius Rudel conducting Le Comte d'Hoffmann in Otto Schenk's production with soprano Catherine Maffiano, mezzo-soprano Ariel Bybee, and bass James Morris. Lincoln Center. (3828000). New York City Opera (New York State Theater): A truncated week of mixed repertory features Turandot conducted by Christopher Keene; The Rake's Progress in a new production designed by David Hockney, conducted by Christopher Keene and starring Etta Mills, Joy

Davidson and Jerry Hadley; Lakmé with soprano Gloria Roloff, mezzo-soprano Susanne Marase and tenor Barry McCaulley as directed by Fabrizio Meano and conducted by Sura Paller and The Star of San Francisco conducted by Scott Bergeson. Lincoln Center. (8705970).

CHICAGO

Lyrical Opera (Civic Opera): The company's 30th season opens with Eugene O'Neill conducted by Bruno Bartoletti with Mirilla Freni as Tatiana and Wolfgang Brendel in the title role in Pier Luigi Samaritani's production; and Willy Decker's production of Arabella with Kiri Te Kanawa in her local debut and Ingar Wiesel as Mandryka, conducted by John Pritchard. (3322444).

TOKYO

Rudolf Nureyev and Vienna Staatsoper Ballet: The Sleeping Beauty with Japan's renowned dancer Yoko Morikawa, and Eva Evdokimova, NHK Hall (Thu). (9711088).

VIENNA

Staatsoper: Don Giovanni with Matthias Bammer and Gernheim; The Magic Flute conducted by Hager with Gruberova, and the Vienna

Boys Choir; Tosca with Milnes, and the Vienna Boys Choir. (6324285). Volkoper: The Swineherd. Halle City; La Bohème. (3324287).

BRUSSELS

XX Century Ballet directed by Maurice Béjart. Masses pour le Festi-Futur. Cirque Royal (218212). Don Giovanni conducted by Sylvain Cambiaval with Jose van Dam in the title role and Ashley Putnam and Stuart Burrows. Théâtre Foyou de la Monnaie.

NETHERLANDS

Amsterdam, Stadschouwburg: A Netherlands opera production of Parsifal directed by Günter Kieser with the Hague Philharmonic under Hans Van den Broek and soloists Jürgen Demme, Jan Deckens, Guss Hoekman, Manfred Schenk, and Henk Smits (Thu). Schouwburg, Circus Theatre: The Netherlands Dance Theatre with the world premiere of Jiri Kylián's ballet, Heart's Labyrinth by music by Schönberg, Webern and Dutilleul. Kijunski, Wiggald to Beethoven's Violin Concerto, and Hans Van Manssen's Squares (Sat) and Thur. Duo at Groningen, Stadschouwburg).

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UK NEWS

Bank of England says growth rate faltering

BY PHILIP STEPHENS

THE UNDERLYING growth rate of Britain's economy seems to be faltering, with the outlook for consumer spending, exports, and investment indicating a slower pace of expansion, the Bank of England says in its latest Quarterly Bulletin.

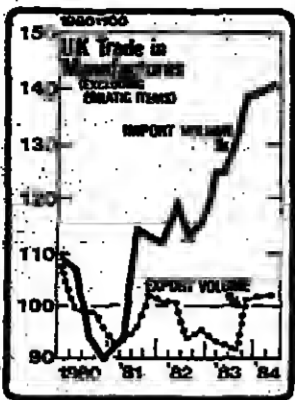
The bulletin, published yesterday, says output this year has been depressed by the miners' strike, making it difficult to gauge the real strength of economic activity. Indicators are, however, that if the impact of the miners' and dockworkers' disputes are excluded, growth has slowed from the 3 per cent annual rate seen last year.

The Bank says there are signs that, even after the miners' strike is settled, underlying growth will not recover to its previous rate.

Consumer spending, which has far provided the main engine of recovery, is expected to slacken as the ratio of personal saving to income falls to low levels and higher rates for house mortgages discourage borrowing.

Rises in investment and exports will compensate only partly for the slower growth in personal consumption.

Industrial investment grew at an annual 20 per cent between the third quarter of 1983 and the first quarter of this year. That rate is



UK Trade in £1000 million

forecast to slow next year, however, despite the continuing buoyancy of company profits.

The Bank says the trend in non-oil trade is similarly not encouraging.

Exports rose by an underlying 9 per cent in the first half of this year and imports increased by 12 per cent. Much of the growth in imports was represented by manufactured goods rather than raw materials.

The Bank says inflationary pressures in the economy have remained weak, with downward pressures on prices helped by the flat trend in international commodity prices.

As productivity growth slackens, the bulletin says, higher pay settlements are pushing up unit wage costs. For many of Britain's principal competitors, the costs have been falling. The effect has been to wipe out the competitive advantage provided by sterling's steady fall against most other currencies.

At the same time, the decline in sterling's effective exchange rate since mid-1983 has put upward pressure on import prices, which rose at an annual rate of 10 per cent between the third quarter of last year and the second quarter of 1984.

On unemployment, the Bank says that simultaneous increases in the number of people in jobs and those claiming unemployment benefit can be partially explained by a rise in the number of women taking part-time work.

There is no sign so far of a fall in the 10,000 to 15,000 average monthly increase in the unemployment total, it states.

The Bank gives a warning that the recovery in Europe remains fragile.

A COMBINATION of industrial and political action to combat the policies of the Government was urged by Mr Eric Heffer, the Labour Party chairman, in his opening address to the conference yesterday.

There was sustained applause for his declaration of support for the striking miners and his refusal to accept last week's High Court ruling that the strike action taken by the National Union of Mineworkers in Yorkshire and Derbyshire was unlawful.

Mr Heffer described the judge's decision as a "political judgment" and insisted: "Like other political judgments, it must be resisted." He accused the Government of using its anti-trade union legislation and the force of unemployment to weaken and depress the conditions of working people.

Mr Heffer, who recalled the central role played by the trade unions in creating the Labour Party, claimed that the history of the movement showed that industrial and political struggle both had a place and that the importance of attaching to their respective roles could alternate.

"Today, with this reactionary government, both industrial and political action are essential. They should be seen as complementary to each other."

He claimed that the democratic gains made by the British people

and the advances made by workers through the efforts of the trade unions were now at risk from a government which was "Mrs Thatcher's own creature."

Any minister who sought to oppose her was crushed and the Government was being more and more centralist and authoritarian in character, he said. "What we are witnessing is not the fascism of Hitler and Mussolini, nor the military dictatorship of a Pinochet or Franco, but the creation of a sort of controlled democracy."

He described it as a "sort of top-batted fascism, a mixture of

Conference reports by Our Parliamentary Staff

Thatcher's Victorian values and modernistic techniques, and Orwellian Big Sisterism, where the workers are kept in, as they believe, their proper place - at the bottom of the heap."

Labour activists were warned by two prominent right wingers not to damage the party's electoral prospects through internal divisions.

Mrs Gwyneth Dunwoody, a member of the Shadow Cabinet, urged delegates to "avoid the appearance

of division, the intolerant language the turning in on ourselves," which could only destroy the party's hopes of government.

Mr Denis Howell, a parliamentary spokesman on home affairs, said that every division was self-defeating, and a betrayal of those who looked to the party for help.

The conference backed a motion from Apex, the clerical union, calling for a shake up in party organisation to improve its effectiveness in campaigning. It called for a campaign to convince skilled workers "the majority of whom did not vote

for us at the last election," that their interests would be best served by the return of a Labour Government.

Mr Howell urged delegates to remember that Labour held only 29 of more than 230 parliamentary seats, south of the Midlands, of which only six were outside London. He believed there was a need to re-appraise the party's regional structure, and headquarters organisation.

Mrs Dunwoody said Labour could achieve nothing without electoral success. She urged activists to campaign in defence of the National Health Service, and on jobs and industry to convince people that the battle for socialist ideas was important to everyone.

Mr Denis Healey, Labour foreign affairs spokesman, has given a warning that "belligerent American rhetoric" could provoke the Soviet Union to launch a pre-emptive nuclear strike.

Interviewed in the conference newsletter of the Fabian Society, a group which advocates democratic socialism through reform, he said that President Reagan was pursuing a Star Wars defence system while the U.S. military establishment was pressing NATO to adopt a new "deep strike" strategy against Eastern Europe and Western Soviet Union.

The Labour Party at Blackpool

Heffer calls for fight on two fronts

Pledge to renationalise BA

LABOUR WILL renationalise British Airways (BA) and return without compensation any routes handed over by the Government to British Caledonian or other private airlines, the conference was told yesterday.

Mr John Prescott, Labour's parliamentary spokesman on transport, said the Cabinet had decided to transfer profitable routes from BA - due to be privatised next year - in the name of competition.

"These routes belong to the nation and a Labour government will return them to a public sector carrier, with no requirement to pay compensation," he said.

Delegates backed a call by the National Union of Railwaysmen (NUR) for all transport assets privatised by the Government to be renationalised "without any ensuing profit."

They also condemned the Government's plans to extend competition in bus transport and called for a campaign against rail closures and the rundown of British Rail subsidiary companies.

Mr Prescott said the Government's transport policies had cost 150,000 jobs since 1979 (when the Conservatives came to power). The British merchant fleet was losing two ships a week to foreign compe-

dition, the railways were threatened with massive route cuts and the Government's White Paper (policy statement) on buses would seriously damage bus services.

Mr Jimmy Knapp, general secretary of the NUR, said Labour had to demonstrate that public ownership would provide the best transport service for the whole of the community. He demanded higher investment in the railways and urged Labour to stand and fight to defend jobs and services.

Mr Larry Smith, National officer of the Transport and General Workers' Union, said six transport Acts since 1979 had brought chaos.

'Mixed success' for EMS on currencies

BY OUR ECONOMIC STAFF

THE EXCHANGE-RATE mechanism of the European Monetary System (EMS) has had mixed success in reducing currency fluctuations, the Bank of England says in a special article in its Quarterly Bulletin on the variability of exchange rates.

The study says the establishment of the EMS in 1979 does seem to have reduced gyrations between currencies within the system. However, their volatility against the dollar, the yen and other currencies outside the mechanism has not changed. At the same time, fluctuations between non-EMS currencies have also declined.

The Bank says its findings suggest that there has been a further partitioning of the principal trading countries into two distinct groups.

Currencies in each group appear less susceptible to sharp movements against others in the same group, but exchange-rate volatility between the groups has not been reduced.

Sterling has not been particularly aligned with either group, it says.

The Bank also concludes that exchange-rate volatility has had little impact on trade flows between the UK and U.S. That contrasts with indications that the volume of West German-U.S. trade has been reduced by currency fluctuations.

Bank of England Quarterly Bulletin, September 1984. From Economic Division, Bank of England, London EC2R 8AH. Annual subscription: UK £27, students £9; Europe £33, air mail £38 to C44. Single copies UK £7.50, students £3, Europe and surface mail elsewhere £3.

French turkey producers seek £19m damages

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

FRENCH TURKEY producers are asking the High Court to award them £19m damages against the Ministry of Agriculture for losses they suffered when the ministry put an embargo on the import of turkeys from France in 1981.

The court yesterday gave five French producers judgment on their claim that they were entitled to damages for the ministry's breach of statutory duty. Mr Justice Mann said that the amount of damages would be assessed at a later hearing. The ministry is to appeal.

The judge said the embargo had been imposed "for the purpose of preventing the introduction of disease into Great Britain." He rejected the ministry's contention that the turkey producers were entitled

only to seek a declaration as to their legal rights and not to claim damages.

He held that the ministry's breach of duty was shown by a European Court of Justice decision in July 1982, that the embargo was a breach of the UK's obligations under Article 30 of the Treaty of Rome.

The court said that the facts suggested that the UK's real motive had been to block turkey imports from EEC countries, in particular from France, for commercial and economic reasons, as a result of pressure from British poultry producers.

Imports from France were resumed in November, 1982.

Steel mill halted by fire

IRE has put a British Steel Corporation (BSC) rolling mill at Scunthorpe out of action for an indefinite period.

Fire broke out in the basement of the mill, which rolls steel billets into machine-sized structural sections, early yesterday morning. More than 100 firemen took 3 hours to get the blaze under control. BSC believes the fire may have been caused by an electrical fault or a leak of hydraulic fluid.

BRITFOIL is to develop the smallest oilfield in the North Sea. The Devon field lies 130 miles north east of Shetland and holds 14m recoverable barrels of oil.

DR BOBB WILMOT, chief executive, is to be next chairman of ICL, the largest British-owned computer company. He succeeds Sir Michael Edwards, former head of ICL, who has left ICL.

USE OF DDT for crop protection has ceased with a formal agreement between agrochemical makers and the Government. The agriculture department said it had voluntary agreement that companies would no longer make products containing DDT.

HIRE PURCHASE leading has slowed. Official figures show that new consumer credit in August was 5 per cent below the July figure at £932m.

Action on 'fraud' demanded

By John Moore

MR IAN HAY DAVISON, chief executive of the Lloyd's insurance market, yesterday said that it "would be helpful if the authorities took action" over alleged fraud within the Lloyd's community.

Mr Davison, interviewed on BBC radio, said that Lloyd's had made representations to the authorities over the matter in the last year and had approached the Bank of England, the Department of Trade and Industry and the Director of Public Prosecutions.

He said that Lloyd's had co-operated with the authorities, which had been given copies of Lloyd's own internal reports.

"When the actions go further than the breaches of Lloyd's rules and involve crime," he said, "we think it right that there should be proceedings taken. And, of course, it indicates to the world at large that the authorities are behind us at Lloyd's in seeing that these matters are cleared up and put straight."

Mr Davison was speaking after the publication of a letter by Sir Michael Havers, the Attorney General, to Mr Ian Grist, MP. Sir Michael had said: "I find the present extent of City (of London) fraud quite unacceptable as well as being very damaging to the many honest firms."

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WORLD TRADE NEWS

Abu Dhabi premium threatens to disrupt Opec's pricing

BY RICHARD JOHNS IN LONDON

ABU DHABI is threatening to cut unilaterally the premium charged for its top quality Murban crude in a move that could provoke adjustments by other members of the Organisation of Petroleum Exporting Countries (Opec) and disrupt its shaky price structure.

In an interview published at the weekend Dr Mana Said al Otaibi, the United Arab Emirates Minister of Oil, who is also responsible for Abu Dhabi's petroleum affairs, told the Middle East Economic Survey: "I would like to state very clearly that Abu Dhabi will deal with this problem alone and in a manner compatible with its interests with the minimum violation of Opec rules."

Abu Dhabi has been pressing its equity partners on the offshore oil operation to maintain listings of Murban at nearer their full entitlement of 200,000 barrels per day from the maximum 500,000 b/d output permitted from the field.

Partly as a result of the drop in demand for Murban crude Abu Dhabi's output has fallen to about 800,000 b/d compared with the 900,000 b/d at which it was running, and UAE production as a whole (including Dubai and Sharja) in August was below 1m b/d compared with an Opec entitlement of 1.2m b/d.

Listings by the companies - British Petroleum, Shell, Compagnie Generale des Petroles, Exxon and Mobil - are understood to have fallen recently to less than 90,000 b/d. The equity partners, which have a 40 per cent stake in the operation, can obtain their requirements from the state's share more cheaply on the spot market where the price has recently been \$1.20-\$1.40 below the official selling rate of \$2.60 per barrel.

At a recent meeting with Dr Otaibi they are believed to have argued that the differential should be reduced or that, alternatively, Abu Dhabi should ease the tax terms.

Brewery project for China

PEKING - The AMS group of West Germany has signed a contract to set up a joint beer-making venture with China, the official Xinhua newsagency reported.

The \$30m brewery will be in the central China city of Wuhan on the Yangtze River, one of the hottest parts of the country.

The Peking Everbright Company is the Chinese partner in the joint venture, to be called the Sino-German Yangtze River Brewery.

It will take about two years to set up the factory and annual production will start at about 100m bottles. Equipment will be imported from West Germany.

John Davies in Frankfurt adds: AMS Anlagen-Planung in Hamburg confirmed yesterday that it planned to join the Chinese in setting up a brewery at Wuhan.

OVER the past 17 years, Inco the Canadian mining company, has pumped more than \$870m into a nickel mining project at Soroko on the Indonesian island of Sulawesi.

On a remote lakeside site, it has created one of the world's largest surface mining operations, built a three-line plant, three towns, schools, a hospital, an airstrip, a golf course, a 165MW hydro facility and a 60 km access road through dense jungle. To the Indonesian Government, it is a model project.

But the plant, the biggest single foreign investment in Indonesia, has yet to make a single cent profit and is a big contributor to the overall Inco company debt of about \$1bn.

In 1982, five years after it came on stream, the Soroko plant lost more than \$30m. Last year that was cut to \$35m, partly, admittedly, because of internal restructuring of company debt. The immediate cause of the losses is the continuing low price of nickel on the world market.

Inco's chairman, Mr Chuck Baird, says the company needs a price of about \$2.50 a pound for its nickel to break even. In recent weeks the London Metal Exchange price for nickel has stuck stubbornly at between \$2.10 and \$2.20, despite evidence of general destocking.

Nickel accounts for more than 51 per cent of Inco's total sales and the company has been severely affected by low prices coupled with generally low world demand and increased competition. Inco has nearly halved the workforce at its main mine in Ontario, mothballed a big nickel project in Guatemala and seen its share of the world nickel market - excluding the Soviet Union and Cuba - slump from 80 per cent in the mid 1960s to about 30 per cent.

The Soroko plant itself has been threatened with closure. However, local president and managing director Mr Jim Guiry, says: "It is cheaper to run it at present than not to."

There have had to be radical cost-cutting moves to keep the project going. "Two years ago" says Mr Guiry "Inco decided that it could not wait for nickel prices to rise. In-

Kieran Cooke on the prospects for Inco's Indonesian nickel mine Uphill struggle for a model project

stead, everything had to be done to make it cheaper. The name of the game now is cutting production costs."

Moves so far have been to halt all but the most vital capital expenditure; freeze wages; and cut the workforce from 4,500 to just over 3,000.

At the same time, production has been almost doubled from 30m, pounds of 75 per cent nickel matte in 1982.

The plant runs round the clock, 365 days a year and, according to Mr Guiry, it sells all it can produce. However, because of the considerable infrastructure Soroko has to support and its low productivity compared to other similar Inco operations, production costs are higher at about \$2.80 a pound, meaning that between 70 cents and 80 cents is being lost on every pound of nickel produced.

Nevertheless, analysts feel that Inco would be very reluctant to write off such a large-scale investment now. They point out that Soroko, sitting on top of what is be-

lieved to be one of the world's biggest laterite nickel reserves and producing about 5 per cent of the non-communist world's nickel, is well placed to take advantage of any surge in demand, particularly in the far east.

Japan is at present the main market for Soroko's output, taking about 90 per cent of production. The rest goes for highly specialised processing to Inco's Clydach plant in South Wales.

Last year 38m pounds was shipped to Japan. This year the target is 55m, or about 30 per cent of the total Japanese market. Inco has benefited from ties it has with several Japanese companies. A consortium of six companies took an initial 25 per cent share of equity in the project, although that has declined to 2 per cent as the plant has been expanded.

Other markets are being considered and company officials are especially anxious to enter the Chinese market, where demand for nickel for a whole range of products - including the rims on millions of

bicycle wheels is likely to grow in coming years. There is competition from several Australian concerns and from the Marinduque mine in the Philippines, although for the moment that project seems in even more serious financial trouble than Soroko.

Soroko faces an uphill struggle, especially if nickel prices refuse to rise in coming months. Perhaps as a reflection of the still gloomy outlook, the Indonesian Government has so far declined to buy an annual 2 per cent share of equity that it is entitled to. Last year Inco even offered the Government its full contractual share of 20 per cent at a price considered to be slightly below par value. The offer was politely declined.

Inco's shareholders, however, are more bullish about company prospects. They showed their faith by rushing to take advantage of a recent share issue in Canada designed to raise more than \$70m to carry Inco and Soroko through difficult times.

Canada considers action on Spanish steel imports

BY BERNARD SIMON IN TORONTO

CANADA is to consider the imposition of countervailing duties on imports of wide-flange steel beams and columns from Spain following complaints from Algoma Steel, the only domestic producer of the items.

The investigation is one of only half a dozen into countervailing duties conducted by the Canadian authorities in the past four years. Earlier this year, duties were levied on imports of canned ham and luncheon meats from the EEC.

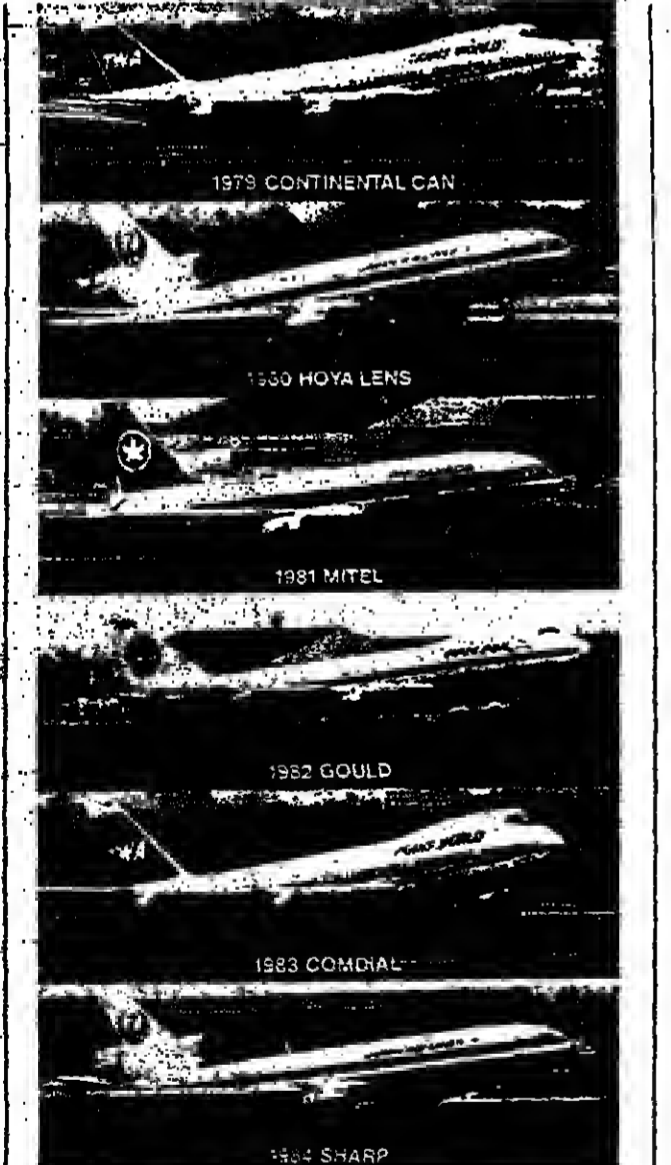
Algoma Steel has alleged that the Spanish Government is subsidising the production and sale of steel beams through three separate programmes, including preferential government loans and injections of capital in steel products. Spain accounted for 48 per cent of Canadian imports of these items in the first three months of this year.

According to an official of the Department of National Revenue, Customs and Excise, the investigation is likely to be completed by the end of the

year. Under Canadian legislation, countervailing duties equal to the amount of foreign subsidies may be levied on imports where material injury to domestic production has been shown.

The existing procedure is expected to be overhauled soon to streamline the investigation of countervailing duty requests, bringing them into line with the procedures for anti-dumping measures.

VCR shipments cut Japan will cut 1984 video cassette recorder (vcr) exports to the European Community by over 10 per cent from an original quota of 3.95m sets for the year, Reuters reports from Tokyo. International Trade and Industry Ministry officials said the measure was necessary because of rising vcr stocks in the EEC. Japanese vcr exports to the EEC in the first eight months of calendar 1984 fell 8 per cent from 2 year earlier.



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FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

SA Breweries - new chief executive takes an aggressive line

Meyer Kahn, managing director of South African Breweries, speaks in this interview with Richard Rolfe, London-based international editor of Finance Week of Johannesburg.



Mr Meyer Kahn

Kahn: Much of what you want to ask me is covered in our annual report - we've hit new highs in disclosure this year.

Rolfe: You've spoken of the quality of your earnings, particularly the low variation between current cost and historic cost figures. How have you done this?

Kahn: There are a couple of fundamental reasons. One is that we have continual annual revaluations in our beverage division and we do exactly the same in our hotel division. In the rest of our diversified interests, every three years, we have a formal outside revaluation of plant, machinery, fixtures, fittings and properties. Our assets are therefore always current in our balance sheet and the phenomenon is less than a 5% variance between a totally strict inflation accounted version of our earnings last year in comparison with the earnings which go to shareholders.

When you look at our 20% after-tax return on shareholders' funds, despite the huge downturn in the economy, it must be seen against the background that all our assets have been revalued. On the historical cost, our returns are mind-boggling so we are in fact very proud of that, but it is interesting that last year we increased our earnings by 5%, which really indicates that despite the difficult economic conditions we are trading in, management have done a tremendous job.

We have always been proud of the quality of our earnings in SAB. We are a high-quality business with high-quality earnings. In fact, we have brought it to the shareholders' attention for the first time in this year's accounts.

Rolfe: You attacked powerfully what you see as government discrimination against your business. Have you had any response?

Kahn: Initial response from the Press has been sympathetic but it is not necessarily an attack by us per se. The stakeholders in our beer division are far more than just our shareholders; they are the beer drinkers of South Africa and this warrants an open and frank review of the liquor industry.

We do not wish to attack the government but we will certainly do our best to gain public sympathy for our case, because we feel there has been discrimination of a serious nature. We would be less than honest and failing in our duty if we did not bring this to the attention of the South African public.

It seems that political reasons, rather than economic and commercial, have resulted in the preferential treatment accorded to the wine industry. If government wants to subsidise the wine industry to the tune of R250m or R300m a year, then it should be part of a national budget and everybody should be assisting in that subsidy. They should not take it out of the beer industry.

Rolfe: You have said all this much more strongly than SAB has in the past. Why is this?

Kahn: I think it is more style than anything else. I am probably a little more aggressive than most people, but I think that if you are a marketing company you need to be aggressive but responsibly ag-

gressive. I do not think any of the comments we have made in our Annual Report are irresponsible or non-factual.

We would obviously hope to have further discussions with the government on a regular basis to eliminate the discrimination.

Rolfe: Obviously, they are not going to reverse their policy totally. What results do you expect?

Kahn: If the government is sincere in its apparent promotion of low alcohol beverages it should recognise once and for all that beer is the lowest alcohol drink by volume available and therefore, if anything, beer should be treated more favourably than wine and spirits. Beer comprises a third of total alcoholic beverages in South Africa and we pay 65% of the excise.

Wine, which has double the alcohol content of beer, is exempt from excise. Beer is the working man's drink worldwide and there is nothing any government can do to convert a beer-drinker into a wine-drinker. Beer-drinking countries have two fundamental features. The first is obviously climatic conditions. The second is that you require a large blue-collar work force and this country has it. Beer sales should therefore continue to grow at the expense of wine sales.

It has happened worldwide and there is nothing anyone can do about it. To subsidise the affluent wine drinker at the expense of the less well off beer drinker, would be economic suicide.

Rolfe: What growth in beer sales are you experiencing?

Kahn: It is strongly linked to the state of the economy. If we look at our rate of growth in beer sales over the last four years, it has moved from 40% - and I am talking about volume sales - to 20%, 9%, and last year to 5%. Thus you can see a clear decline due to the state of the economy.

The average growth in the last 20 years has been about 12%. There is no reason, taking into account the peaks and valleys, that over the next 20 years, the beer market should not grow at a rate of approximately 10% to 12%.

Rolfe: On a five-year term, what do you expect to spend on capital account?

Kahn: Over a five-year period, certainly not less than a billion rand, but it depends very much on the state of the economy. As an example, if you are talking about a brewery the size of Rosslyn costing R270m in 1983-4, then to replace it in 1985, 1986 or 1987 means you are talking about huge sums of money.

Today South Africa is probably the only country worldwide which has the potential for a consumer explosion and though there will be peaks and valleys, it will be based on the fact that 80% of our population will increase their real standards of living very substantially in the future.

SAB has invested much time, energy, money and marketing expertise into the black market where we are the dominant force today.

For Edgars and OK to show 20% reduced earnings during the worst trading conditions that this country has ever experienced does not worry us; in fact it indicates a reasonable performance when you take into account that they are mainly dependent on black consumer spending which has been severely restricted. When the economy recovers, these chains will regain their former rating almost immediately. They have in effect not lost market share.

I am pleased with the balance and focus of our investments. The downturns in OK and Edgars do not compare badly with similar operations in the marketplace. OK has been criticised in the Press but I think unfairly - they have not really done badly at all to the present economic climate.

Rolfe: Since its split with Swo International, Southern Sun's market rating has fallen. Do you think this is justified?

Kahn: No, I don't believe so at all. I believe that business goes through certain cycles and companies are often built around legendary figures. When these people leave the business still carries on. I think it was General Smuts who said that "the dogs bark, but the caravan moves on". Southern Sun is as well managed today as it was in the past. It has excellent management and some great hotels. It dominates the three to five-star hotel market in South Africa. It also owns 25% of the exciting casino operation which is still run by Sol Kerzner who has a dynamic image in international circles.

Last year, when hotel occupancies dropped 10%, Southern Sun's earnings dropped 7%. This was a remarkable performance considering it had lost a chief executive who was the backbone of the business, but the new team closed ranks and ran the business, coming within 7% of the previous year's record earnings. People say the sun has gone out of Southern Sun but there are other companies that have shown a 40% drop in earnings.

The key to hotel operations is occupancy rates. When the occupancies reach 60% we break even and when it exceeds 65% you cream the profits. Occupancies at Southern Sun in the record years have been as high as 82% and currently they are running at 65% due mainly to the poor state of the economy. I am highly confident about Southern Sun and it is no coincidence that SAB holds 86% of Southern Sun and refuses to part with even 1% of its holding.

Rolfe: Do you think it is likely to get into a major round of expansion?

Kahn: In the last 12 months we have opened up the Cape Sun, which is a R55m hotel. We have also opened up the Sandton Sun which is a R50m hotel and we are currently building a R110m 800 room luxury hotel in the centre of Johannesburg. In addition we are spending R25m on refurbishing existing hotels. Now if that isn't growth and capital expenditure and putting your money where your mouth is, then I would be interested to know what is.

Rolfe: Have you had any success in developing black executives within the group?

Kahn: Yes, we have but we still haven't done enough. We have never been guilty of window-dressing. We have set ourselves objectives in terms of training and development of black executives, particularly at the middle management level, because that is where the hard core of our business lies. One could argue that we are doing it on moral grounds. This is not so - we are doing it from pure selfish interests. We need executives at that level and, at every level in our business. We are a R5 billion company - there is no way we are ever going to manage our business with white skills alone.

South African Breweries Limited logo and contact information: Head Office: 2 Jan Smuts Avenue, Braamfontein 2017. PO Box 1099, Johannesburg 2000. Tel Johannesburg 39-4711. Telex 4-22482. Telegrams YEAST



SECTION II - INTERNATIONAL COMPANIES
FINANCIAL TIMES

Tuesday October 2 1984

Buy where your builder buys. ERITH plc BUILDERS MERCHANTS

Akzo unit expands in U.S.

By Peter Sprinks in Amsterdam
AKZO COATINGS, the Dutch paint manufacturer, is to acquire the California-based paint unit of Bostik, a subsidiary of the Bostik Corporation of Connecticut.

Disney lures Paramount executive to boost films

By PAUL TAYLOR IN NEW YORK
WALT DISNEY Productions, the U.S. entertainment group in the midst of a battle for control of the company, has taken another step towards bolstering and expanding its film division.

said it is seeking to expand film production and become more competitive with the other West Coast film studios.
Disney's success in wooing Mr Katzenberg away from Paramount marks the latest in a series of senior management moves within the U.S. film industry, and at Paramount in particular.

In the latest quarter net earnings were boosted by \$100,000 in earnings from discontinued operations, while in the year-ago period a \$487.2m write-off on certain operations made a net loss of \$401.6m.
The latest results, which reflect the impact of the group's massive divestiture programme begun in August last year, lifted full year earnings from continued operations to \$283.3m or \$3.82 a share on sales of \$4.2m against earnings of \$242.6m or \$3.15 on sales of \$3.7bn in the previous full year.

Anschutz buys rail group

By Our Financial Staff
RIO GRANDE Industries, the Denver-based railway freight company, has agreed to be acquired by Anschutz Corporation, a private company, for \$486m.
Anschutz, with interests primarily in oil and gas, is headed by Mr Philip Anschutz, one of the wealthiest men in the U.S. It is offering \$50 in cash for each Rio Grande share, but the offer is conditional on 51 per cent of the shares being tendered.

FCA makes foray into CD markets

BY WILLIAM HALL IN NEW YORK
FINANCIAL CORPORATION OF America (FCA) made its first foray into the financial markets yesterday since it ran into financial difficulties six weeks ago and began a \$1bn offering of certificates of deposit (CDs) through a group of leading New York brokerage firms.
Prudential-Bache Securities yesterday began the offering for FCA's main subsidiary, American Savings and Loan, the largest U.S. thrift institution. The offering is seen as an important test of confidence in FCA, which earlier this year faced a severe liquidity squeeze as depositors withdrew their money following the announcement of a second-quarter loss.

State aid reprieves Petromont

By Bernard Simon in Toronto
THE CANADIAN Government and the province of Quebec have agreed to provide C\$30m (U.S.\$22.9m) to prevent the imminent closure of a loss-making ethylene plant at Verennes on the south shore of the St Lawrence river operated by Petromont, the Montreal-based petrochemicals group.
The aid has also forestalled the shutdown of Union Carbide's polyethylene facility in Montreal, which buys almost two-thirds of Petromont's ethylene production.

International Harvester agrees closure pact

By TERRY DODSWORTH IN NEW YORK
INTERNATIONAL Harvester, the U.S. truck and farm equipment manufacturer, has given its trade union representatives a commitment not to close any further farm machinery plants in the U.S. for reasons of new technology, outsourcing or consolidation of operations.
The promise was made as part of a temporary agreement with the United Auto Workers (UAW) on an indefinite extension of the company's present wages agreement.

IH's statement says nothing about the future of its overseas factories, which are also suffering from over-supply in the industry, there have been suggestions recently that many U.S. companies in equipment manufacturing would place more emphasis on overseas sourcing to escape the effects of the strong dollar.
The UAW is believed to have decided to extend its talks at IH until after it has reached agreement on a new wages contract with Mack Trucks and Volvo White Trucks. Because of the strong truck market at present, both of these companies are profitable.
The union appears to have been concerned that any concessions it was forced to make at IH might be used as a lever to extract better terms by the other two companies.

Profits advance by 20% for Generali

By ALAN FRIEDMAN IN MILAN
GRUPPO GENERALI, the Venice-based Italian insurance group, said its 1983 net profit rose by 20 per cent to L137.8bn (\$73m). Generali shares however, which are among the most actively traded on the Milan bourse, registered only a L100 rise on Friday to L32.350.
The group results cover some 36 separate insurance companies, as well as various financial and property subsidiaries. The group's total invested funds amount to L1,153bn, an increase of nearly 19 per cent over last year. Generali's net capital at the end of 1983 was L1,594bn.
Total premiums amount to L2,237bn, up 12.7 per cent on 1982. Of these, some L1,499bn are life premiums.
Montefibre, the man-made fibres subsidiary of Italy's Montedison chemicals group, said yesterday it

had emerged from the red for the first time in its history. The Milan-based company, which last year lost L58bn (\$30.8m), on total sales of L812bn, said that in the first half of 1984 it had made a net profit.
Although Montefibre declined to quantify the net income, it said that consolidated sales were up by 40 per cent on the same period of 1983, to L450bn. Domestic sales were 13 per cent higher, while exports grew by 18 per cent in the first six months of this year. Overseas sales represent 33 per cent of total turnover.
Montefibre's revamped product strategy means the group is now concentrating on two sectors - polyesters and acrylics.
The company says its full-year results will confirm the trend of the first six months.

Warning from Baldwin-Utd.

WASHINGTON - Baldwin-United, the U.S. financial services company which filed under Chapter 11 of the U.S. bankruptcy code a year ago, said in a filing with the Securities and Exchange Commission (SEC) that its "extremely serious" problems may bar stockholders from recovering any of their investments.
The company also disclosed that the SEC is "likely" to bring an enforcement action against it and that "some form of an adverse outcome" is likely.
Baldwin-United made the disclosures in its financial report for the year ended December 31, 1983. The company predicted that few creditors, if any, would be paid their claims in full.

Crédit Lyonnais increases issue

BY DAVID MARSH IN PARIS
CRÉDIT Lyonnais, the second largest French nationalised bank, has increased its capital market issue of titres participatifs (TPs) or non-voting loan stock, to FFr 2bn (\$213.4m) from the originally planned FFr 1.5bn, because of strong demand.
The issue, the largest TP launch yet made by a state-owned bank or industrial company, is designed to strengthen the bank's capital base,

planned FFr 1.5bn, because of strong demand.
The issue, the largest TP launch yet made by a state-owned bank or industrial company, is designed to strengthen the bank's capital base,

Yokohama Asia Limited

YOKOHAMA ASIA LIMITED (Incorporated in Hong Kong) U.S.\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1994
Unconditionally and irrevocably guaranteed as to payment of principal and interest by THE BANK OF YOKOHAMA, LTD. (Incorporated in Japan)
Notice is hereby given that the Rate of interest for the initial interest period has been fixed at 11 3/4 p.a. and that the interest payable on the relevant Interest Payment Date, April 2, 1985, against Coupon No. 2 in respect of US\$10,000 nominal of the Notes will be US\$594.03.
October 2, 1984, London
By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK

The Mortgage Bank and Financial Administration Agency of the Kingdom of Denmark
\$75,000,000 Guaranteed Floating Rate Notes due 1999, Series 99
Unconditionally guaranteed by The Kingdom of Denmark
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Bank of Tokyo International Limited, Merrill Lynch Capital Markets, Algemene Bank Nederland N.V., Bank Brussel Lambert N.V., Commonwealth Bank of Australia, Crédit Lyonnais, Daiwa Bank (Capital Management) Ltd., Dresdner Bank Aktiengesellschaft, Fuji International Finance Limited, Hill Samuel & Co. Limited, Lehman Brothers International, Morgan Stanley International, Nomura International Limited, Saudi International Bank, Svenska Handelsbanken Group, Takagin International Bank (Europe) S.A., Andelsbanken Danebank, Fællesbanken for Danmarks Sparekasser, Bikuben, Den Danske Provinsbank A/S, Sparekassen SDS, Danish Project Finance

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Bankers Trust International Limited
Placing and Paying Agent

INTL. COMPANIES and FINANCE

Delay to opening of Hong Kong Futures Exchange

BY DAVID DODWELL IN HONG KONG

THE OPENING OF THE Hong Kong futures exchange has been delayed until at least January by the need to publish a prospectus and to clarify commodities trading laws...

The fresh delay comes from the unexpected need to publish a prospectus on the expansion of membership and the need to clarify the compensation funds sections of the territory's existing commodities trading ordinance...

Full members will have to hold an ordinary share with a par value of HK\$ 100,000 and will be able to trade in all four markets. Market members will have to buy standard shares, with a HK\$ 25,000 par value...

Takeover costs limit advance at Elders

By Our Financial Staff

ELDERS IXL, the diversified Australian pastoral and finance group which last year took over the country's leading brewer Carlton and United, has reported net profits of A\$72.18m (U.S.\$60.67m) for the year to June, against A\$64.34m previously...

Good start for Elec and Eltek

BY OUR HONG KONG CORRESPONDENT

ELEC AND ELTEK, the Hong Kong electronics company that went public in February, has reported profits after tax for the year to June 30 of HK\$106m...

group employing 40 people, to joining Hong Kong's leading electronics manufacturers, with a workforce of 3,500. Its public flotation in February was oversubscribed an unprecedented 83.4 times...

reached the level forecast in the prospectus in February, but were below original expectations because of an increase in Hong Kong profits tax and difficult market conditions in the U.S. for the sale of cordless telephones...

Record net purchases of foreign bonds in Japan

TOKYO — Net purchases in Japan foreign bonds, excluding Treasury bills, rose to a record \$2.44bn in August from \$1.97bn in July, reports the Ministry of Finance. The previous record was \$2.06bn in June...

Malayan Banking after-tax profits show rise of 21%

BY WONG SULONG IN KUALA LUMPUR

MALAYAN BANKING, Malaysia's second largest banking group, made after-tax group profits of 101.6m ringgit (U.S.\$43.6m) for the year to June, a rise of 21 per cent. At the bank itself, after-tax profits were 20 per cent higher at \$4.3m ringgit...

giving up its 86 per cent stake in Bank Bumiputra to Petronas, the Malaysian oil company. The final dividend at Malayan Banking is 24 cents, making an unchanged 22 cents for the year...

All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

New Issue / September, 1984

U.S. \$100,000,000



Wells Fargo & Company (a California Corporation)

13 3/8% Subordinated Notes Due September 28, 1991

Salomon Brothers International Limited

- Amro International Limited, Barclays Bank Group, Creditanstalt-Bankverein, Goldman Sachs International Corp., Merrill Lynch Capital Markets, Samuel Montagu & Co. Limited, Morgan Guaranty Ltd, Nippon Credit International (HK) Ltd, Svenska Handelsbanken Group, S. G. Warburg & Co. Ltd, Banque Bruxelles Lambert S.A., Commerzbank Aktiengesellschaft, Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft, LTCB International Limited, Mitsui Finance International Limited, Morgan Grenfell & Co. Limited, Morgan Stanley International, Orion Royal Bank Limited, Swiss Bank Corporation International Limited, Wardley

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



KINGDOM OF SWEDEN

U.S. \$4,000,000,000

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AGENT AND TENDER PANEL AGENT

CITICORP INTERNATIONAL BANK LIMITED

SEPTEMBER 1984

This announcement appears as a matter of record only



ACOM CO., LTD.

Tokyo, Japan

US \$ 40,000,000

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Agent



BANQUE WORMS

September, 1984

UK COMPANY NEWS

Pit strike and competition hit Currys

WITH THE miners' strike having an unsettling effect on consumer confidence and in a trading climate which continues to be "extremely competitive," the six months to July 25 1984 have seen a £578,000 fall in pre-tax profits at Currys Group, retailer of electrical appliances.



Mr W. J. Benson, the new chairman of Currys Group

Announcing the profit slip from £9.36m to £8.64m—including a lower contribution from the sale of properties at £1.96m against £3m—Mr W. J. Benson, the new chairman, states, however, that the group is well placed to make further progress and that he expects "our centenary year will finish with creditable results."

In his statement as outgoing chairman in June Mr Dennis Curry warned that business would be difficult in comparison with the "quite exceptional buoyancy" of last year's first half, and Mr Benson now believes that in the event the results are satisfactory.

The interim dividend is increased from 1.4p to 1.5p net, following last year's 8.1p total. Earnings per share are quoted as 11.9p, down from 13.5p.

Trading profit, after charging £7.3m (£5.9m) depreciation, came out at £8.19m against £9.63m. A credit trading provision added £2.74m (took £2.38m) while interest accounted for a larger slice at £1.43m against £977,000.

The tax charge for the half year came to £2.8m against an adjusted £3.04m to leave net profits of £5.59m (£6.32m).

Since the half year the company has implemented a decision to close its business computer retailing activity carried out by Currys Micro-Systems because the directors could not see a satisfactory trading scenario within a reasonable time-span.

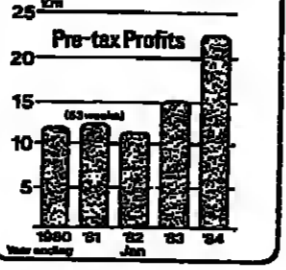
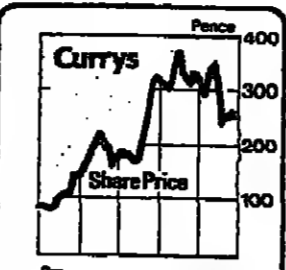
The costs associated with closing down this venture have all been taken into the company's accounts.

In the last full period the group reported pre-tax profits of £22.52m from turnover of £343.23m.

The directors are changing the group's accounting period to end the fourth Wednesday in October. Accordingly, the current period will be for the nine months ending October 24 1984.

comment

Currys was always going to struggle to improve very much on last year's performance achieved under exceptionally buoyant conditions on the High Street. Nevertheless, the City expected to see more than a marginal gain in pre-tax profits—



from £6.56m to £8.5m after stripping out property sale profits—and the shares duly dropped 15p to 248p. Of the paltry 7.4 per cent sales increase, 6.5 per cent is due to new stores which leaves almost all the rest standing still, while wage and other costs marched ahead. But the worst is probably over-sales from now on will no longer have to stand comparison with the period of the video recorder boom, and there is any case already evidence of an upturn in sales in recent weeks. More importantly, Currys can soon hope to see some return on the heavy investment making in new and refurbished stores, turning

its major sites into superstores with a larger range of electrical goods and dividing up many smaller ones to sell either white goods or brown goods only. Investors will be wise to wait to see some proof that this transformation is going to pay off for Currys, but if it works the shares will look undervalued a year or so hence. Assuming the group makes say £22m to £25m pre-tax for the year to the end of October 1985, then, on a 40 per cent tax charge, the shares trade multiple of about 8.

TR Pacific cuts portfolio exposure in HK to 1.9%

TR Pacific Basin Investment Trust has significantly reduced its exposure to Hong Kong and now holds a defensively orientated portfolio.

However, the company says that the statement in August by Sir Geoffrey Howe, Foreign Secretary, on the future of Hong Kong has turned sentiment from almost total gloom to cautious optimism.

the same six months, adjusted for currency movements, the Hang Seng Bank Index in Hong Kong and the Straits Times Index in Singapore fell by 22.8 per cent and 5.6 per cent respectively, while the Tokyo Net Stock Exchange Index rose by 0.9 per cent.

The interim dividend is unchanged at 1p and the board expects to pay a 2p total for the year.

Lower attributable for Charles Hurst at halfway

ATTRIBUTABLE profits at Charles Hurst were down from £734,000 to £714,000 after all charges in the first six months of 1984, but the directors describe the results as "satisfactory."

Turnover of this holding company—its interests are the sale, repair and maintenance of cars and commercial vehicles—improved from £38.75m to £40.78m. The attributable figure was after tax down from £78,500 to £27,000—last year there was a special credit of £33,000.

The directors say the commercial division and oil companies are continuing to find trading difficult, and it is unlikely that this will change in the second half.

Group results as shown by the management accounts for July and August are "satisfactory." In the light of the results for the first eight months, it is the board's intention to recommend an increased rate for the final dividend.

Lamont lifts dividend as profits double

Despite doubts at times regarding the buoyancy of the recovery in the UK market, each division of Lamont Holdings has performed ahead of target during the six months to June 30, 1984, and the group has more than doubled its pre-tax profits from £512,000 to £1.28m.

Turnover for this Edinburgh-based investment holding company which has interests in textiles, property, life assurance and computing services, increased by £5.79m to £19.18m during the period, realising a trading profit of £1.56m against £870,000.

The directors say the group has moved forward in exploring the potential of overseas markets. Useful orders have been received and the benefits of these should be reflected in the second half. Initial costs have been substantial and are reflected in what the directors hope will be only a temporary setback in profits.

The group's intention to divest itself of some of its major assets in order to improve gearing, is under way, and should enable it to return to paying a dividend.

INTERNATIONAL FUND MANAGEMENT SURVEY

Publication date: NOVEMBER 2
Copy date: OCTOBER 19

The Financial Times proposes to publish a Survey on international fund management on the above date. Subjects for discussion will include the scope for using offshore tax havens as domiciles for international funds and the recent trends in the flow of investment capital between different countries.

For further advertising details please contact: HUGH SUTTON, Financial Times, Brackens House, 16 Cannon Street, London EC4P 4BY. Tel: 01-248 8000 Ext. 3300

ROHAN GROUP

Industrial and Commercial Developers, Designers, Contractors and Investment Property Holders

INTERIM STATEMENT HALF-YEAR TO 30th JUNE	1984 IRE	1983 IRE
Trading profit before taxation	1.53m	1.03m
Interim dividend per share	5.85p	5.85p
Rent roll	1.6m	1.4m
Shareholders' funds	26.1m	19.1m
Gearing ratio	6%	24%
Net assets per share	295p	257p

"The strategy of recent years to expand operations geographically to secure overseas profits is bearing fruit. — The result reflects solid performance of investment division. — The recent acquisition of D.A.D. Properties Limited improves rent roll to IRE2.5 million, increases shareholders' funds to IRE37 million and further reduces gearing ratio."

Kenneth C. Rohan — Chairman
Copies of the Interim Statement available from the Secretary
Rohan Group p.l.c., 5 Mount Street Crescent, Dublin, 2, Ireland, 33 Cork Street, London, W1X 1HB, IRELAND — UNITED KINGDOM — UNITED STATES OF AMERICA

Redland

Audited results for the year ended 31st March 1984

	March 1984	March 1983
	£m	£m
Sales	1,210.2 +14%	1,059.4
Profit before tax	95.9 +44½%	66.3
Earnings per share	24.9p +42%	17.5p
Dividends per share (net)	9.50p +17½%	8.08p

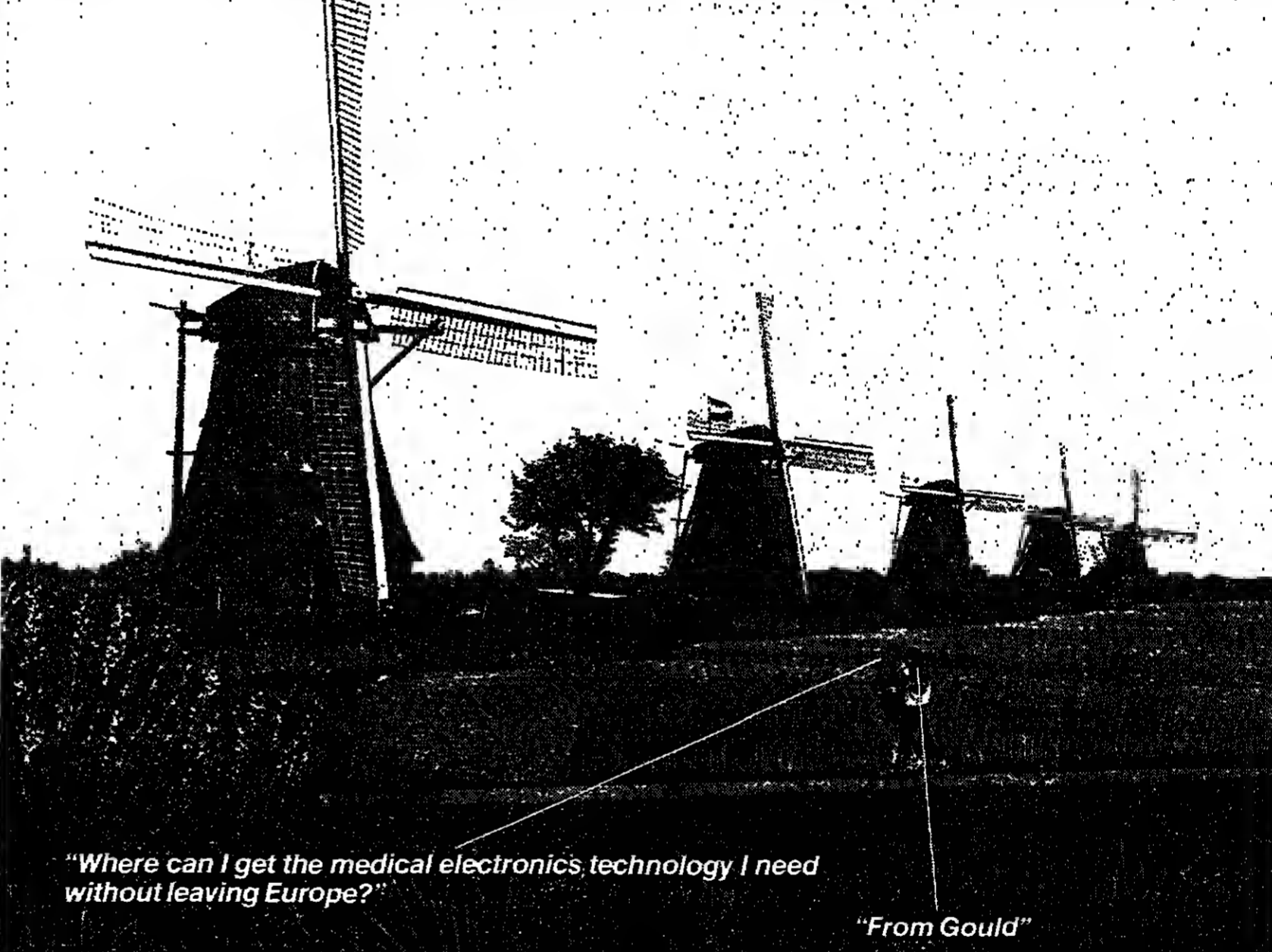
At the Annual General Meeting held on 27th September 1984 the Chairman Mr Colin Corness said:-

"With trading conditions remaining favourable in both Australia and the United States, with West Germany about level with last year and with a number of special factors coalescing to assist our UK results, we feel confident about achieving a further advance in our group performance in the year to March 1985."

Copies of the 1984 Annual Report & Accounts are available from:- The Secretary, Redland PLC, Redland House, Reigate, Surrey RH2 0SJ. Telephone: Reigate (073 72) 42488.

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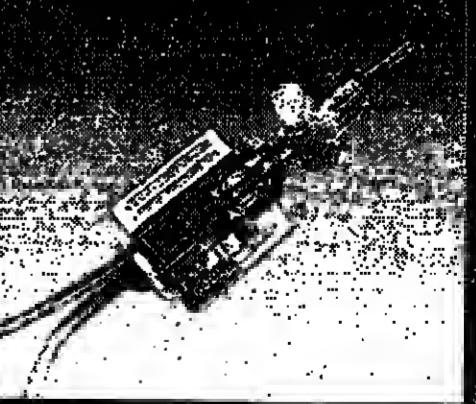
"Where can I get the medical electronics technology I need without leaving Europe?"

"From Gould"

Medical electronics is a market of growing importance — where the needs and priorities of people are even more crucial than the commercial imperatives.

Gould understands them both — producing the most advanced computer-controlled operating theatre monitors in the world and bringing some of the most innovative medical technology in existence to the European market-place, like the disposable transducer pictured right.

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GOULD Electronics

UK COMPANY NEWS

Retail side helps Menzies rise 43%

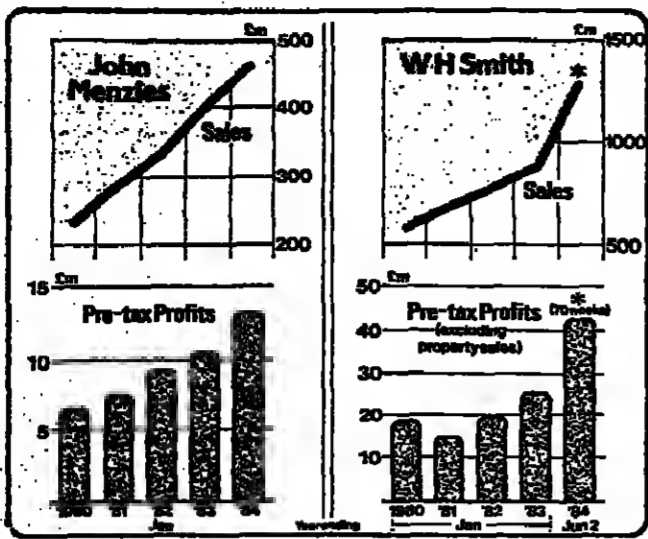
WITH CONTINUING improvement from the group's retail division and the success of the companies acquired over the past few years, John Menzies has risen in a 43-per cent increase in pre-tax profit at the interim stage.

The result for the first half of the 1984-85 year was a rise in the taxable surplus from £2.62m to £3.6m from sales up by £24.8m to £233.0m. The directors state that the outlook for profits in the rest of the year is, as always, dependent on the success of Christmas trading.

They add that should the company's expectations be realised, second half profits will exceed those of the equivalent period, although they will not match the first half percentage increase. The interim dividend is being effective by 0.25p to 1.125p net per share. The total last time—when sales of £451.2m generated profits of £13.2m—was an effective 3p.

The company, which trades as a wholesaler and retail newsagent, bookseller, stationer and provider of leasing finance, quotes its earnings as 3.5p (3.1p) per share. The tax charge for the half year was up from £0.6m to £1.4m, while there was no deduction for minority interests this time (£30,000).

Commenting on the midway figures, the directors state that the companies acquired over the past few years have proved successful and provide the additional benefit of spreading profits more evenly between the two



giving away millions of pounds, wholesalers such as John Menzies had little reason to complain in the first half. The company reports a useful increase from retailing too, though the canny Edinburgh accountants never let the City get close to a divisional breakdown. Anyway it is fair to assume retailing did a little better than break-even, Christmas will be the deciding factor at the end of the day. Perhaps what is really important in these figures—and certainly demonstrated in the margin improvement—is the newer, slightly peripheral operations. Both Lonsdale (library supplies) and Universal (stationery printing) benefited from the reorganisation which had depressed the comparable periods. Further acquisitions in these areas are on for next year. Menzies' leasing business is likely to be sold and with the £7m from Lonsdale Technical the balance sheet should be ungeared at year end. By then Menzies should have made £16m pre-tax for an 11.4 p/s at 197p—a rating which is over-worried by spreading VAT.

half-year periods. The trend has been strengthened by improving first half results from the company's retail division. The Lonsdale Technical group of companies, which were acquired when Lonsdale Universal was bought, did not fit into the company's normal group activities and were sold in August for £7.7m.

This transaction will be accounted for in annual report, and the funds realised will be used to reduce debt and expand the company's main business.

Carborundum's opening figures reach £875,000

THE FIRST six months' operations of Carborundum Abrasives, a new unquoted company, have been "most encouraging", says Mr Trevor A. Egan, the chairman.

Pre-tax profits were £875,000 from sales of £21.87m. Trading profits of this Manchester-based manufacturer and designer of abrasive products, was £935,000. The pre-tax figure was after interest payable of £60,000, and after tax of £138,000, distributable profits came out at £747,000.

Comparisons with prior periods are not shown because the business has changed due to the formation of "ple" and such comparisons would be misleading, say the directors.

All operating companies within the group returned to profitability during the period. In Germany, incoming orders and shipment levels were adversely affected by the I.G. Metall Union strike which, while not affecting the group's own workforce directly, caused the involuntary closure for a short period of a number of its customers' plants.

Mr Egan says there are positive signs that the European move out of recession continues but, nevertheless, the industrial market place remains highly

competitive. Against this background, the group has aggressively pursued its investment programme and actions to further improve productivity throughout all functions of the business continue. Thus, the company is well-placed to respond to future market demands.

Margins hit at Business Computer

Gross margins at Business Computer Systems were "severely affected" in the first six months of the year by the slump in the value of sterling against the U.S. dollar which increased import costs.

In addition to this, the group's deliveries of hardware were lower than forecast because of delays stemming from the world shortage of vital electronic components. This particular problem, however, has been overcome and is not expected to have the same effect in the second half.

Revenues and margins achieved from the software, engineering and supplies divisions were well ahead of forecasts. These operations are major contributors to group profits and the company expects them to expand significantly in the future.

Group turnover of this USM stock for the interim period amounted to £3.88m, against £3.52m, and profits at the taxable level totalled £55,000 against £42,000. In calendar 1983 profits of £502,000 were obtained on turnover of £3.47m.

Tax took £16,000 (£12,000), after which earnings per share are shown 0.2p higher at 0.7p. As usual there is no interim dividend.

DDs 25,000,000—8 1/4% bearer notes 1979 due 1983/1986 of

FRIESCH-GRONINGSCH HYPOTHEEK BANK N.V.

As provided in the Terms and Conditions of the above mentioned Notes Redemption Group nr. 2, amounting to Dfls 6,250,000,—has been drawn for redemption on September 27, 1984 and consequently the Notes, bearing consecutive number 2 and all Notes bearing a consecutive number which is 4 pr a multiple of 4 higher than 2 are payable on November 1, 1984 at Bank Mees & Hope NV (Central Paying Agent) in Amsterdam, Algemeene Bank Nederland (Schwaben) in Zurich and Banque Generale du Luxembourg S.A. in Luxembourg.

October 1, 1984.

This announcement appears as a matter of record only.

NEW ISSUE 24th September, 1984

OKI

U.S.\$70,000,000

Oki Electric Industry Company, Limited

3-1/2 per cent Convertible Bonds due 1999

ISSUE PRICE 100 PER CENT.

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Fuji International Finance Limited

Kleinwort, Benson Limited

Banque Nationale de Paris

County Bank Limited

Daiwa Europe Limited

Kuwait Investment Company (S.A.K.)

Merrill Lynch Capital Markets

Nomura International Limited

Société Générale de Banque S.A.

Yasuda Trust Europe Limited

Al-Mal Group	Algemeene Bank Nederland N.V.	Banco dal Gottardo
Bank of Tokyo International Limited	Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
Banqua Indosuez	Banque Paribas	Baring Brothers & Co., Limited
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James Capel & Co.	Commerzbank Aktiengesellschaft	Crédit Commercial de France
Den norske Creditbank	Deutsche Bank Aktiengesellschaft	DG BANK Deutsche Genossenschaftsbank
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Kreditbank International Group	Mitsui Trust Bank (Europe) S.A.	Samuel Montagu & Co. Limited
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div. Yld.	P/E	100s High	Low	12 Month High	Low	Stock	Div. Yld.	P/E	100s High	Low	12 Month High	Low	Stock	Div. Yld.	P/E	100s High	Low
22 1/2	13 1/2	AAR	4.2	20	22 1/2	13 1/2	22 1/2	13 1/2	AA	1.0	15	22 1/2	13 1/2	22 1/2	13 1/2	AA	1.0	15	22 1/2	13 1/2
15 1/2	13 1/2	AA	1.0	15	15 1/2	13 1/2	15 1/2	13 1/2	AA	1.0	15	15 1/2	13 1/2	15 1/2	13 1/2	AA	1.0	15	15 1/2	13 1/2
14 1/2	13 1/2	AA	1.0	15	14 1/2	13 1/2	14 1/2	13 1/2	AA	1.0	15	14 1/2	13 1/2	14 1/2	13 1/2	AA	1.0	15	14 1/2	13 1/2
13 1/2	13 1/2	AA	1.0	15	13 1/2	13 1/2	13 1/2	13 1/2	AA	1.0	15	13 1/2	13 1/2	13 1/2	13 1/2	AA	1.0	15	13 1/2	13 1/2
12 1/2	13 1/2	AA	1.0	15	12 1/2	13 1/2	12 1/2	13 1/2	AA	1.0	15	12 1/2	13 1/2	12 1/2	13 1/2	AA	1.0	15	12 1/2	13 1/2
11 1/2	13 1/2	AA	1.0	15	11 1/2	13 1/2	11 1/2	13 1/2	AA	1.0	15	11 1/2	13 1/2	11 1/2	13 1/2	AA	1.0	15	11 1/2	13 1/2
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9 1/2	13 1/2	AA	1.0	15	9 1/2	13 1/2	9 1/2	13 1/2	AA	1.0	15	9 1/2	13 1/2	9 1/2	13 1/2	AA	1.0	15	9 1/2	13 1/2
8 1/2	13 1/2	AA	1.0	15	8 1/2	13 1/2	8 1/2	13 1/2	AA	1.0	15	8 1/2	13 1/2	8 1/2	13 1/2	AA	1.0	15	8 1/2	13 1/2
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5 1/2	13 1/2	AA	1.0	15	5 1/2	13 1/2	5 1/2	13 1/2	AA	1.0	15	5 1/2	13 1/2	5 1/2	13 1/2	AA	1.0	15	5 1/2	13 1/2
4 1/2	13 1/2	AA	1.0	15	4 1/2	13 1/2	4 1/2	13 1/2	AA	1.0	15	4 1/2	13 1/2	4 1/2	13 1/2	AA	1.0	15	4 1/2	13 1/2
3 1/2	13 1/2	AA	1.0	15	3 1/2	13 1/2	3 1/2	13 1/2	AA	1.0	15	3 1/2	13 1/2	3 1/2	13 1/2	AA	1.0	15	3 1/2	13 1/2
2 1/2	13 1/2	AA	1.0	15	2 1/2	13 1/2	2 1/2	13 1/2	AA	1.0	15	2 1/2	13 1/2	2 1/2	13 1/2	AA	1.0	15	2 1/2	13 1/2
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1/2	13 1/2	AA	1.0	15	1/2	13 1/2	1/2	13 1/2	AA	1.0	15	1/2	13 1/2	1/2	13 1/2	AA	1.0	15	1/2	13 1/2

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for 12-month high/low, current price, and change.

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for 12-month high/low, current price, and change.

Continued on Page 26

Notes: Figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. When a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia (continued), Japan (continued), Belgium/Luxembourg, Denmark, France, Netherlands, and Canada. Columns include country, stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market closing prices. Table listing various stocks with columns for stock name, price, and change.

LONDON Chief price changes (in pence unless otherwise indicated). Table listing price changes for various stocks and indices.

CANADA Closing prices October 1. Table listing Canadian stock prices and changes.

NEW YORK CLOSING PRICES. Table listing New York stock closing prices and changes.

Continued on Page 34. Table listing additional stock prices and changes.

AMERICAN STOCK EXCHANGE CLOSING PRICES. Table listing American stock exchange closing prices.

NEW YORK DOW JONES. Table listing Dow Jones index data for New York.

INDICES. Table listing various market indices and their values.

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LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Johnson Matthey lifeboat rescue disturbs equity market and index falls 11.5

Account Dealing Dates
First Declared Last Account
Dealings Date Dealings Day

The stock prices of Johnson Matthey's financial might cast a shadow over London's equity markets yesterday. Values were already moving lower on Wall Street influences when shortly after the opening it was announced that the Bank of England was heading a rescue operation of the group's banking arm because of debt difficulties.

Potential equity investors, whose confidence was also hit by the confusion currently surrounding U.S. interest rate and economic trends, stood back to await clarification of the situation. This allowed small sellers to dominate proceedings in the absence of institutional activity and the first session of the new trading Account got off to a disappointing start. Losses among foreign investors were heavy to such a degree that the domestic industrial scene too posing problems, they continued to lower the FT Industrial Ordinary share index 11.5 to 862.2.

The extent of Johnson Matthey's problems, unmet banking and other financial shares, but the resulting falls were mostly modest. Few stocks of the market in fact escaped the downward, but selected clearing issues ran into support following Nottingham Manufacturing's surprise bid for Johnson Group Cleaners.

Clearers easier
News of the Bank of England's rescue of Johnson Matthey prevented the major clearing banks from extending recent good news. Profits were not dented by the shock development, leaving the way clear for sporadic bouts of propping. Closing falls, however, were

fairly modest with Lloyd's 5 lower at 510.2 and Barclay off at 505. Elsewhere, Kleinwort Benson came on offer at 350p, down 15, while Baltic Leasing cheapened 3 to 217p following the disappointing results.

Hogg Robinson, still affected by last Friday's unsuccessful attempt to sell 2.5m shares at 230p per share, retreated 8 more making a two-day relapse of 18 at 307p. M&I closed 30 lower at 315p after reporting disappointing annual results. Other Lloyd's Brokers were unsettled by adverse comment. Sedgwick declined 4 at 285p as did Stewart Wraithston at 408p.

Dealers reported a slack trade among the Building leaders and most issues drifted lower. Reliance 4 to 340p, as did BPF Industries at 235p. Rugby Football Club Cement closed a penny cheaper at 117p after 116p. Following interim profits in line with market estimates. Contracting and Construction issues were generally dull.

International, still influenced by a broker's recommendation, hardened a penny more to 375p.

Currys disappoint
The Store majors began the new Account quietly dull. House of Fraser fell 8 to 370p in the wake of Friday's eventual annual meeting. Costas A, a group of 5 at 505p and British Home eased 4 at 235p. Burton declined 3 to 200p as did Debenhams to 178p. Elsewhere, Currys dropped 15 to 245p on acute disappointment. The 9 per cent interest on shares contraction, John Mezzies also suffered from unimpressive half-yearly figures and cheapened 8 to 315p. J. Kenworthy, on the other hand, rose 10p in response to Press comment and Ceel Geac hardened a penny to 136p awaiting today's first-half results.

Having in anticipation of today's annual figures behind Street and Fisher rose 9 to 162p. Among other Shoe concerns, F&I rose 5 to 200p, after 202p, following the results but Style were up a couple of pence to 122p, after 118p, on news of the 50.5m interest deficit.

Electricals drifted lower Down 18 last week in the wake

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for various sectors: Government Securities, Fixed Interest, Industrial, etc. Columns include values for Oct 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, and Year ago.

HIGHS AND LOWS S.E. ACTIVITY

Table showing high and low prices for various sectors: Govt. Secs, Fixed Int., Ind. Dirs., and Held Mines.

fall 9 and 15 respectively. Reckitt and Colman were quoted at 519p down 21; the new mid-paid shares opened at around 85p premium and fell to close at 70 premium.

Samuelson Group, which soared 180 last week in the wake of excellent annual results, rose 12 more to 550p x4, but nervous selling in front of today's interim figures left Riley Leisure 4 down at 56p. Press comment helped Aspirin rise a couple of pence to 123p and Nimsco International rally 2 1/2 to 44p.

Two outstanding firm features emerged in the Motor sector. Herman Smith jumped 9 to 32p on news of a bid approach, while Reliant advanced 4 to 46p, after 47p, following the disclosure that it had started production of an open, two-seater sports car.

Among Financial Trustees, R. P. Martin lost 10 to 285p ahead of Thursday's preliminary results. Smithers eased further and closed the same amount down at 400p.

Atlantic Res. firm
Leading Oils showed minor losses for much of the day but came under persistent light selling in the after-hours trade following the downturn on Wall Street. BP settled 7 lower at 508p and Shell back to close 10 down at 655p.

feature with a jump of 78 to 440p on news of the surprise bid of 410p cash per share from Nottingham Manufacturing; the latter fell 12 to 198p. Elsewhere in the cleaning sector, Sketchley improved 5 to 375p.

Charter weak
All eyes in the mining market were riveted on Charter Con-

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Table showing FT-Actuaries Share Indices for various groups: EQUITY GROUPS & SUB-SECTIONS, FIXED INTEREST, and BRITISH GOVERNMENT INDEX-LINKED STOCKS.

MONTHLY AVERAGES OF STOCK INDICES

Table showing monthly averages for Financial Times, Industrial Ordinary, and FT-100 index for September, August, July, and June.

EUROPEAN OPTIONS EXCHANGE

Table showing European Options Exchange data for various series and months.

Table of RECENT ISSUES showing issue price, amount, and stock details.

Table of FIXED INTEREST STOCKS showing issue price, amount, and stock details.

Table of RIGHTS OFFERS showing issue price, amount, and stock details.

Table of ACTIVE STOCKS showing stock names and closing day's change.

Table of FRIDAY'S ACTIVE STOCKS showing stock names and changes.

Table of RISES AND FALLS YESTERDAY showing stock names and changes.

Table of LONDON TRADED OPTIONS showing call and put options for various stocks.

Table of LONDON TRADED OPTIONS (continued) showing call and put options for various stocks.

Table of LONDON TRADED OPTIONS (continued) showing call and put options for various stocks.

FT LONDON SHARE INFORMATION SERVICE

WOLSELEY HUGHES From Norwich to Nashville we're growing from strength to strength

BRITISH FUNDS

Shorts (Lives up to Five Years)

Table of Short-term funds with columns for Name, Stock, Price, Dividend, and Yield.

Five to Fifteen Years

Table of medium-term funds with columns for Name, Stock, Price, Dividend, and Yield.

Over Fifteen Years

Table of long-term funds with columns for Name, Stock, Price, Dividend, and Yield.

Undated

Table of undated funds with columns for Name, Stock, Price, Dividend, and Yield.

Index-Linked

Table of index-linked funds with columns for Name, Stock, Price, Dividend, and Yield.

Progressive rate progression rate on excess inflation of 11.1% and 12.5%... 1984: 1984.

INT. BANK AND ISSUES GOVT STERLING

Table of international bank and sterling issues with columns for Name, Stock, Price, Dividend, and Yield.

CORPORATION LOANS

Table of corporation loans with columns for Name, Stock, Price, Dividend, and Yield.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and african loans with columns for Name, Stock, Price, Dividend, and Yield.

LOANS Building Societies

Table of loans from building societies with columns for Name, Stock, Price, Dividend, and Yield.

Public Bond and Ind. Financial

Table of public bond and industrial financial with columns for Name, Stock, Price, Dividend, and Yield.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns for Name, Stock, Price, Dividend, and Yield.

AMERICANS

Large table of American stocks with columns for Name, Stock, Price, Dividend, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Stock, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing with columns for Name, Stock, Price, Dividend, and Yield.

Hire Purchase, Leasing, etc.

Table of hire purchase, leasing, etc. with columns for Name, Stock, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns for Name, Stock, Price, Dividend, and Yield.

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks with columns for Name, Stock, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns for Name, Stock, Price, Dividend, and Yield.

ORAPRY & STORES—Cont.

Table of orapry and stores stocks with columns for Name, Stock, Price, Dividend, and Yield.

ELECTRICALS

Table of electrical stocks with columns for Name, Stock, Price, Dividend, and Yield.

ORAPRY AND STORES

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ENGINEERING—Continued

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ENGINEERING—Continued

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ENGINEERING—Continued

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INDUSTRIALS (Miscel.)

Table of industrial stocks with columns for Name, Stock, Price, Dividend, and Yield.

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HOTELS AND CATERERS

Table of hotel and caterer stocks with columns for Name, Stock, Price, Dividend, and Yield.

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HOTELS AND CATERERS

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Table of hotel and caterer stocks with columns for Name, Stock, Price, Dividend, and Yield.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and Granada Television, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various funds like British American, British Overseas, and British World, with columns for stock price, high, low, and volume.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high, low, and volume.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE 3 Greenchurch Street EC3V 0AD Telephone (01) 283 8811

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, high, low, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, high, low, and volume.

Components

Table of component stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, high, low, and volume.

Garages and Distributors

Table of garage and distributor stocks including companies like British Leyland, British Aerospace, and British Airways, with columns for stock price, high, low, and volume.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

PAPER, PRINTING

Table of paper and printing stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

TEXTILES

Table of textile stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

TOBACCO

Table of tobacco stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

PROPERTY

Table of property stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

INSURANCES

Table of insurance stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

LEISURE

Table of leisure stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

PROPERTY

Table of property stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS

Table of investment trusts including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

MINES

Table of mining stocks including companies like British Overseas Airways, British Airways, and British World, with columns for stock price, high, low, and volume.

REGIONAL & IRISH STOCKS, OPTIONS—3-month call rates, Finance, Land, etc, and other market data.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Alltech Home, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including categories like FT Unit Trust Mgrs. Ltd., Key Fund Managers Ltd., and various individual fund listings with detailed performance data.

Table of Financial Times Tuesday October 2 1984, containing various financial data and market indicators.

Table of Insurances, listing various insurance companies and their services, including AA Friendly Society and others.

F.T. CROSSWORD PUZZLE No. 532

Crossword puzzle grid with clues for Across and Down words, including 'Hungarian garment', 'Old coin-type arrangement', etc.

FT Unit Trust Information Service logo and contact details, including 'FT Unit Trust Mgrs. Ltd.' and 'Key Fund Managers Ltd.' with addresses and phone numbers.

Table of Financial Times Tuesday October 2 1984, containing various financial data and market indicators.

Large advertisement for 'FT Unit Trust Information Service' featuring a stylized logo and contact information for various fund managers.

Handwritten text: "L. J. H. 1.50"

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Liberty Life Assurance Co Ltd, Life Assur Co of Pennsylvania, and various international investment funds.

Table of insurance and overseas funds including Sava & Proger Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of insurance and overseas funds including C.A.I. Investments (IHM) Ltd, Grandway Henderson Mgmt Ltd, and various international investment funds.

Table of insurance and overseas funds including Standard Chartered Bank, Sun Life of Canada, and various international investment funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds including Archon Investment Fund SA, Albany Fund Management Limited, and various international investment funds.

Money Market Trust Funds

Table of Money Market Trust Funds including Malvern Trust, The Money Market Trust, and various international investment funds.

Money Market Bank Accounts

Table of Money Market Bank Accounts including Alden Bank, Bank of Scotland, and various international investment funds.

NOTES

Notes regarding interest rates, currency fluctuations, and other financial details.

COMMODITIES AND AGRICULTURE

Consumers win coffee quota rise

CONSUMERS appear to have fared reasonably well in the last-minute deal yesterday morning... The International Coffee Organization's negotiations on regulating supplies and prices for the 1984/85 season.

LME goes go-ahead to Johnson Matthey

JOHNSON MATTHEY Commodities is permitted to continue normal 'ring-dealing' trading activity on the London Metal Exchange, it was confirmed yesterday.

Kenyan sisal outlook good despite drought

Kenya's worst drought in over 50 years has so far had little impact on the volume of sisal production in the country and industry's officials predict that the total 1984 crop could well equal last year's 50,000 tonnes.

Nicaragua raises farm wages to boost output

THE NICARAGUAN Government has introduced a series of wage increases, linked to productivity agreements, of up to 100 per cent in the agricultural sector to stimulate export crop and basic grain production.

More U.S. lead workers strike

LEAD PRICES rose on the London Metal Exchange yesterday following news that workers had gone on strike at Asarco's Glover smelter in Missouri on Sunday night when their labour contracts expired.

Quiet start for Kuala Lumpur tin market

By Wong Sulong in Kuala Lumpur THE Kuala Lumpur Tin Market, which replaced the Penang market in fixing the daily price of Straits tin, began operations yesterday under quiet conditions.

London tea prices stable

TEA PRICES were quoted only marginally higher at the London weekly auction yesterday in spite of continuing strong demand. The indicative price for quality teas was up by 5p to 355p a kilo, but medium and low medium grade tea prices were unchanged at 310p and 270p respectively.

PRICE CHANGES

Table with columns: Commodity, Oct 1 1984, +/-, Month ago. Includes Metals, Oil, Gas, and other commodities.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Oct 1 1984, +/-, Month ago. Includes Base Metals, Copper, Tin, and other commodities.

AMERICAN MARKETS

Table with columns: Commodity, Oct 1 1984, +/-, Month ago. Includes Gold, Silver, and other American market commodities.

LONDON OIL SPOT PRICES

Table with columns: Crude Oil, Oct 1 1984, +/-, Month ago. Lists various oil grades and their prices.

GAS OIL FUTURES

Table with columns: Gas Oil, Oct 1 1984, +/-, Month ago. Lists gas oil futures contracts.

INDICES

Table with columns: Index Name, Oct 1 1984, +/-, Month ago. Includes Financial Times, Dow Jones, and others.

GOLD MARKETS

Table with columns: Gold, Oct 1 1984, +/-, Month ago. Shows gold prices in London and other markets.

LEAD

Table with columns: Lead, Oct 1 1984, +/-, Month ago. Shows lead prices in London.

SOYABEAN MEAL

Table with columns: Soyabean Meal, Oct 1 1984, +/-, Month ago. Shows soyabean meal prices.

GOLD MARKETS

Table with columns: Gold Bullion, Oct 1 1984, +/-, Month ago. Shows gold bullion prices.

ZINC

Table with columns: Zinc, Oct 1 1984, +/-, Month ago. Shows zinc prices in London.

MEAT/FISH

Table with columns: Meat/Fish, Oct 1 1984, +/-, Month ago. Shows meat and fish prices.

EUROPEAN MARKETS

Table with columns: European Commodities, Oct 1 1984, +/-, Month ago. Shows various European market commodities.

ALUMINIUM

Table with columns: Aluminium, Oct 1 1984, +/-, Month ago. Shows aluminium prices in London.

WHEAT

Table with columns: Wheat, Oct 1 1984, +/-, Month ago. Shows wheat prices in London.

Wool Futures

WOOL FUTURES were quiet on the London Wool Exchange yesterday. The price for the 1984/85 season was unchanged at 120p a kilo.

Wool Futures

Table with columns: Wool Futures, Oct 1 1984, +/-, Month ago. Shows wool futures prices.

Wool Futures

Table with columns: Wool Futures, Oct 1 1984, +/-, Month ago. Shows wool futures prices.

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Handwritten note: "Handwritten note at the top center of the page, possibly a page number or reference." (Note: The image is blurry, but it appears to be a handwritten note or page number.)

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers from sharp fall

The dollar recovered from the day's low to finish only marginally down from Friday's level. Early trading had seen the dollar...

England figures, its index fell to 141.7 from 141.5. Sterling remained on the sidelines for much of the day with its Bank of England index closing at 78.5 compared with 78.6 on Friday.

threat of intervention by the Bundesbank now seems to create a disorderly market, the very thing that intervention was designed to counter. There is a growing suspicion that the Bundesbank may be setting to keep the dollar within recent trading bands so as to discourage the sort of snowball effect experienced last Friday week when the dollar leapt to a high of DM3.1765.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies like Belgian Franc, Danish Krone, etc.

STERLING EXCHANGE RATE INDEX

Table showing Sterling Exchange Rate Index for various currencies like US Dollar, Japanese Yen, etc.

NEW YORK RATES

Table showing New York rates for various currencies like US Dollar, Japanese Yen, etc.

POUND SPOT - FORWARD AGAINST POUND

Table showing Pound Spot - Forward Against Pound rates for various currencies.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing Dollar Spot - Forward Against Dollar rates for various currencies.

CURRENCY MOVEMENTS

Table showing Currency Movements for various currencies.

CURRENCY RATES

Table showing Currency Rates for various currencies.

OTHER CURRENCIES

Table showing Other Currencies rates for various currencies.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates for various currencies.

MONEY MARKETS

UK rates show little change. Interest rates were unchanged to a little firmer in London yesterday in rather lacklustre trading.

LONDON MONEY RATES

Table showing London Money Rates for various currencies.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table showing Discount Houses Deposit and Bill Rates for various currencies.

MONEY RATES

Table showing Money Rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies.

NEW YORK (Lunchtime)

Table showing New York (Lunchtime) rates for various currencies.

TREASURY BILLS

Table showing Treasury Bills rates for various currencies.

TREASURY BONDS

Table showing Treasury Bonds rates for various currencies.

UK clearing banks' base lending rate 10 1/2 per cent

UK clearing banks' base lending rate 10 1/2 per cent (since August 20). Exchange transactions for the day...

ECSD Fixed Rate Export Finance Schemes

ECSD Fixed Rate Export Finance Schemes IV: Average Rate of Interest per annum 8 1/2 to 9 1/2 per cent (inclusive) 10.00 per cent.

Rate to the importer (controlling)

Rate to the importer (controlling). 1) Now an official rate. (2) Based on gross rates against Russian ruble.

WORLD VALUE OF THE POUND

Table showing World Value of the Pound for various countries and currencies.

Abbreviations

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rate.

Abbreviations

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rate.

Abbreviations

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rate.

FINANCIAL FUTURES

Gilts firmer

Gilt prices reversed an early weakness to finish close to the best level of the day in the London International Financial Futures Exchange yesterday.

LONDON

Table showing London market data for various currencies.

CHICAGO

Table showing Chicago market data for various currencies.

Legal Notices

Legal Notices section containing various legal announcements.

Clubs

Clubs section containing information about various clubs.

Art Galleries

Art Galleries section containing information about various art galleries.

YOUR COMPANY IMAGE. Promotional Gifts. Manhattan-Windsor. Includes images of pens, keyrings, and other promotional items.

MIKUN'S CREDIT RATINGS. on about 1,800 bond issues by more than 550 Japanese companies. Includes details on credit ratings and contact information.

Legal Notices. Clubs. Art Galleries. Includes various notices and advertisements.

WORLD VALUE OF THE POUND. Table showing the value of the pound in various currencies across different countries.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 1.

Country	Issue	Yield	Price	Change
U.S. DOLLAR	STANBURY	100	100.00	0.00
	Headline 11% 84	100	100.00	0.00
	Am. Home 12% 84	100	100.00	0.00
	Am. Home 13% 84	100	100.00	0.00
	Am. Home 14% 84	100	100.00	0.00
	Am. Home 15% 84	100	100.00	0.00
	Am. Home 16% 84	100	100.00	0.00
	Am. Home 17% 84	100	100.00	0.00
	Am. Home 18% 84	100	100.00	0.00
	Am. Home 19% 84	100	100.00	0.00
STERLING	Am. Home 11% 84	100	100.00	0.00
	Am. Home 12% 84	100	100.00	0.00
	Am. Home 13% 84	100	100.00	0.00
	Am. Home 14% 84	100	100.00	0.00
	Am. Home 15% 84	100	100.00	0.00
	Am. Home 16% 84	100	100.00	0.00
	Am. Home 17% 84	100	100.00	0.00
	Am. Home 18% 84	100	100.00	0.00
	Am. Home 19% 84	100	100.00	0.00
	Am. Home 20% 84	100	100.00	0.00

Country	Issue	Yield	Price	Change
YEN	Am. Home 11% 84	100	100.00	0.00
	Am. Home 12% 84	100	100.00	0.00
	Am. Home 13% 84	100	100.00	0.00
	Am. Home 14% 84	100	100.00	0.00
	Am. Home 15% 84	100	100.00	0.00
	Am. Home 16% 84	100	100.00	0.00
	Am. Home 17% 84	100	100.00	0.00
	Am. Home 18% 84	100	100.00	0.00
	Am. Home 19% 84	100	100.00	0.00
	Am. Home 20% 84	100	100.00	0.00
DEMIGRE MARK	Am. Home 11% 84	100	100.00	0.00
	Am. Home 12% 84	100	100.00	0.00
	Am. Home 13% 84	100	100.00	0.00
	Am. Home 14% 84	100	100.00	0.00
	Am. Home 15% 84	100	100.00	0.00
	Am. Home 16% 84	100	100.00	0.00
	Am. Home 17% 84	100	100.00	0.00
	Am. Home 18% 84	100	100.00	0.00
	Am. Home 19% 84	100	100.00	0.00
	Am. Home 20% 84	100	100.00	0.00

CAPITAL MARKETS

£30m Eurosterling issue by Rowntree

BY MAGGIE URRY IN LONDON

ANOTHER \$350m worth of new issues hit the Eurodollar bond market yesterday. The deal of the day, however, came in the Eurosterling sector, from Rowntree Mackintosh.

Like the convertible bond issued for ICI last week, J. Henry Schroder & Wagg lead managed Rowntree's equity-linked £30m Eurosterling bond. This one comes with warrants each to buy 294 shares at 340p a share, a 5 per cent premium to the share price in the market yesterday.

The bonds have a five-year life and a 7 1/2 per cent coupon, and the package of one bond and one warrant was priced at 100 (85 for the bond, 15 for the warrant).

The package was bid at 100%, with the warrants proving more popular than the bonds.

In the dollar market, Centrust Savings and Loan, the new name for Dana Savings and Loan, launched a \$100m floating rate note which was increased to \$125m later in the day.

The notes are in registered form so that the issue can be backed by U.S. government agency securities under the new U.S. Treasury rules. The 10-year notes pay a six-monthly rate calculated with reference to U.S. Treasury securities' interest rates, currently higher than

BNF Bank bond average		
Oct. 1	Previous	
100.631	100.624	
High	1984	Low
100.637		98.056

London interbank rates. Banque Paribas is the lead manager, and the issue traded inside its total 1 per cent fees.

Citicorp awarded the mandate for a \$150m issue to its subsidiary Citicorp International Bank. The 12-year bond has a two-year initial life after which the term and coupon will be refunded. The starting coupon is 12 1/2 per cent and issue price is par.

The Eurodollar market is struggling under the weight of new issues, and with New York sagging too, prices fell 1/4 point.


In the D-Mark market Dresdner Bank launched a DM 100m public issue for United Technologies, the U.S. diversified engineering group. The 7 1/2 per cent coupon and 100% issue price reflect the recent strength of the market. The issue traded well at a discount of about 1 point.

Swiss franc bonds suffered a similar fate, with prices on average unchanged.

OVER-THE-COUNTER

Stock	Sales	High	Low	Last	Chg
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00
Am. Home	100	100.00	100.00	100.00	0.00

June 1984
This announcement appears as a matter of record only



Ferrocarrils de la Generalitat de Catalunya

ECU 30,000,000

Multi-Currency Medium Term Loan

Guaranteed by **Generalitat de Catalunya**

Arranged by **Lloyds Bank International Limited**

Managed and Provided by **Lloyds Bank International Limited**
Caixa de Barcelona
The Dai-Ichi Kangyo Bank, Limited
The Kyowa Bank, Ltd.
Banco Atlantico SA
Banco de Sabadell SA

Agent Bank **Lloyds Bank International**

Financial Adviser to the Borrower **Servicios Economicos Internacionales, S.A. (S.E.I.S.A.)**

This announcement appears as a matter of record only.

\$200,000,000

Commercial Paper Program

for

SBNSW (Delaware) Inc.

guaranteed by

State Bank of New South Wales

MORGAN STANLEY & CO.
Incorporated

September 26, 1984



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FINANCIAL TIMES SURVEY

ADVERTISING MARKET • MEDIA • SERVICES

The industry's sharp gains in most sectors reflect the belief in 'advertising through recession'. Consumer spending is particularly strong

SUMMER MAY be well and truly over in the UK but for its advertising industry the sun shines on. The fortunes across all the main media sectors remain bullish. "We're in the middle of a strong boom," Mr Michael Waterson, research director of the Advertising Association, says, "with growth of a phenomenal nature across the board."

The best may be yet to come, too, according to AA forecasts. "I don't think the pace of growth can continue," says Mr Waterson, "but all categories will continue to do well for the next year and perhaps into mid-1986."

By demand for advertising is nothing new. Since the dip in 1975, when—in absolute terms and relative to consumer expenditure—advertising expenditure plummeted, the movement has been upward and upward.

Record levels were reached last year when the total spent topped \$3,570m (at current prices), contributing 1.39 per cent of the gross national product. (1982's \$3,126m was 1.33 per cent of GNP). Overall, total media expenditure has increased by 10 per cent in real terms. The forecast for 1985 is a record, \$4.3bn.

This trend is clearly illustrated in the classified sector, nearly half of which is recruitment advertising—an apt reflection, the AA believes, of the economic recovery evidenced in certain other industrial quarters. The same positive spirit is apparent, even if not so

By Feona McEwan

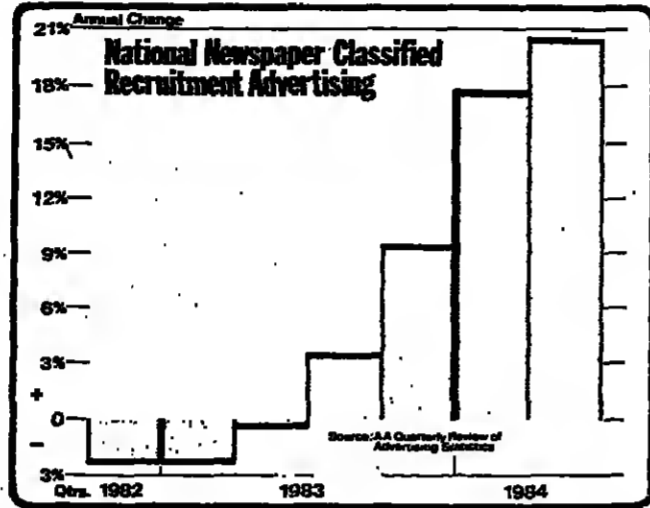
dynamically, across the other principal media. Behind the upswing lie the guiding forces of consumer expenditure and company profits which, the AA has shown, act historically as twin barometers of the industry's fortunes.

It would appear too, that the merits of "advertising through recession" and the belief at board level in treating advertising as investment rather than as a dispensable cost have been taken increasingly to heart.

Retail power

For manufacturers of consumer goods, battling against the growth of retail power, it has proved vital to boost brand awareness as well as product sales at a time of low overall economic growth.

The verdict from the City of the small but noticeable advertising and marketing sector continues to be one of enthusiasm. The clutch of publicly-quoted companies—joined recently on the advertising side by Valin Pollen on the Unlisted Securities Market, Lowe Howard-Spink Campbell-Ewald which opted for a full



listing, has on the whole turned in a strong performance with the Satchel star continuing to dazzle.

"The sector has significantly outperformed the stockmarket all year and prospects for the sector remain buoyant," says Mr Mark Sheppard, sector analyst at Phillips & Drew.

In the meantime, a number of other successful agencies, many of them non-existent five years ago, continue to flirt with the idea of joining the club, drawn by the obvious growth opportunities therein, and the undoubted kudos as well, no doubt, as the tantalising ratings.

As far as media are concerned, 1984 has in many respects been commercial television's year. Expenditure is up, it boasts a majority audience share, Channel 4 and TV-am are showing muscle, and the thorny Equity-PA dispute is finally laid to rest. The two embryonic stations have respectively become fledglings of merit, with Channel 4 performing especially

well. Genuinely convincing the industry—and it wanted convincing—that they are forces to be reckoned with. Ratings have, of course, been the main attraction, rising and steady.

Now enjoying a steady 6 to 7 per cent audience share, Channel 4 is bullish about its progress as its pre-launch forecast of 10 per cent in three years looks even more feasible. "It is continuing to fulfil the remit from Parliament to complement ITV," says Mr Brian Sanctuary, marketing director of the Independent Television Companies Association (ITCA). Some 50 per cent of the total viewing audience tunes in at some point each week, rising to 80 per cent over a month.

"The industry's view of the new stations, has been quite transformed," says Mr Martin House of Boase Massim Pollit. "It's not just the ratings, they've proved an important part of the repertoire to watch." After all the tribulations, TV-am is finally beginning to pull its weight, showing a first ever

operational profit last month and a steady 45 to 55 per cent of the total breakfast audience, Monday to Friday.

Buoyant spending

Commercial television revenue for 1983 accounted for 31 per cent of the total take, a 1.3 per cent rise on 1982. Revenue was up 13 per cent and the first half of 1984 shows a 16.6 per cent rise on the same period last year. All of the 14 contractors report buoyant spending.

According to the ITCA, ITV has strengthened its premier position against the competition, BBC 1 and 2, and recent research indicates that, contrary to belief, television audiences in general are not slipping.

The latest Broadcasters Audience Research Board figures show that ITV plus Channel 4 has 57.5 per cent of total viewing audience—a good start to the autumn. Oracle, the commercial tele-

text operator, reports an overall teletext penetration of 2.16m homes, 10 per cent of households in the UK. It claims an average daily audience of nearly 2m, with a potential audience of 7m. The profile of the typical Oracle viewer shows a bias to the 15 to 34-year-old, spread evenly across the social spectrum.

The largest slice of the media cake, the press, which covers all newspapers and free sheets, (national and regional) as well as magazines (trade and consumer), directorates and periodicals, accounted for 62.5 per cent of the total advertising expenditure of £2,236m in 1983 improving on its 1982 figure of £1,950m. It continues however to lose market share marginally to television.

Regional newspapers accounted for £817m which is 10.9 per cent up on the year before, with nationals at £584m (13.4 per cent up). Financial advertising topped up £42m

in 1983, an annual increase of £10m.

The rise of the free distribution newspaper goes on as titles flourish and multiply. There are now around 700—300 of them owned by paid-for publications. The inclusion of the free sheets in the Advertising Association statistics reflects their growing role in the total advertising picture.

In 1983 they accounted for £180m, 22 per cent of the total regional advertising quota growing nearly 50 per cent in two years.

"This year," says Mr Ian Lock of the Association of Free Newspapers (AFN), "revenue from free newspapers is expected to overtake that of the paid-for weeklies." Giveaway magazines of all denominations, are also proliferating at a rapid rate with some 70 titles known at last count and the AFN has now set up a magazine branch to represent them. Mr Cliff Harris, head of re-

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search at the Regional Newspaper Advertising Bureau notes that "the paid-for weeklies reach 58 per cent of all adults a week, a figure that has remained unchanged in the last seven years."

In many cases, he suggests, paid-for and giveaways complement each other though there may be a weeding out process among the oversaturated free distribution areas—Croydon alone, currently supports four, in spite of the approving noises at this year's Berlin Press conference in favour of a joint marketing forum (which the advertising community has advocated for years) there is little sign of any action.

Now that reasonable figures are available for comparison, the fortunes of direct mail, the UK's third largest advertising medium, are seen to have expanded until 1983 when a downturn occurred.

CONTINUED ON PAGE EIGHT

One quarter of the total income from the 39 different countries in which we operate comes from Europe...

Ogilvy & Mather in Europe

The technological revolution has brought about a new approach to planning and buying pan-European media.

"In the performance dominated world of direct response you either sell or get fired."

Advertisers do not spend on advertising just to say something to consumers, but to do something to them.

...so we should know a thing or two about Europe.

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Rapidly growing into a free-for-all

Press

ALAN PIKE

THE TWO words, historic and first, are much-abused in promotional material, but they have been used with justification to describe an event taking place in Birmingham this week.

Britain now has its first free daily newspaper in the shape of the Daily News, which will produce more than 400,000 copies a night for distribution throughout the Birmingham conurbation. It is not so many years since some sage figures were predicting that free newspapers and little more to the event is understandably attracting considerable interest.

The Daily News, to be printed on contract by Bergsons Newspapers at Worcester, will circulate from Tuesdays to Fridays. A 3,000-strong distribution team will have the task of getting it through the city's letter-boxes between 7.00 am and 8.00 am.

Chris Bullivant, chairman of the Bullman Newspaper Group, a major Midlands chain of free newspapers, in 1978. He says that good free newspapers are now established as "the most successful advertising medium of the decade," and believes the time is right for an attack on the daily market—the last stronghold of the traditional paid-for regional newspaper.

Primary market

The Daily News claims an 84 per cent coverage of the primary market compared with 51 per cent for the Birmingham Post and Mail's paid-for evening newspaper, the Evening Mail. Full-page advertising rates in the Daily News will be £3,105.

Some categories of advertiser will be offered the option of space in north/south split editions, each giving coverage in half the 300,000 homes in the proposed distribution area.

New evidence of the strong market position which free newspapers have established is

provided in a survey carried out last month by Audience Selection. The research indicates that about 75 per cent of the British population regularly reads a free newspaper.

It appears from the evidence that the 22m free newspapers now delivered to British households are read to the same degree as regional newspapers and national dailies which the public buy over their newspaper's counters. But a similar proportion of the population to the 75 per cent who regularly read free newspapers continue to buy conventional regional titles.

Strong appeal

The survey shows a slightly higher free newspaper readership among men than women, and suggests that free publications have a particularly strong appeal to the 25-35 age group.

Last month also saw the inauguration of the Association of Free Magazines and Periodicals, which will operate on similar lines to the Association of Free Newspapers. Advertisers are likely to welcome the establishment of the new association, which will promote the interests of free magazines and periodicals and encourage high editorial and advertising standards.

In recent years there has been a continual shift in the proportion of advertising going to free publications at the expense of regional dailies and paid-for weeklies. But the strongest challenge facing the Press—regional and national, paid-for and free—is simply to persuade advertisers that newspaper advertising has advantages over television.

A determined attempt to face this issue head-on started earlier this year at the Press '84 conference in Berlin, when hundreds of advertisers and agency staff gathered to hear the case for newspapers. The conference represented an important effort by newspaper publishers to sell the concept of press advertising, and challenge the taken-for-granted pre-eminence of television among many consumer advertisers.

Newspaper publishers went to Berlin in more confident mood than they might have expected when the idea of the conference was first mooted. The last year has seen an upturn in many newspaper groups' profitability and advertising income, and an end to at least some of the severe discounting on advertising rates which was raging throughout the recession.

But the long-term trend in advertising market share has been away from newspapers and towards television. Newspaper groups are attempting to reverse this by presenting advertisers with specific examples of successful newspaper campaigns.

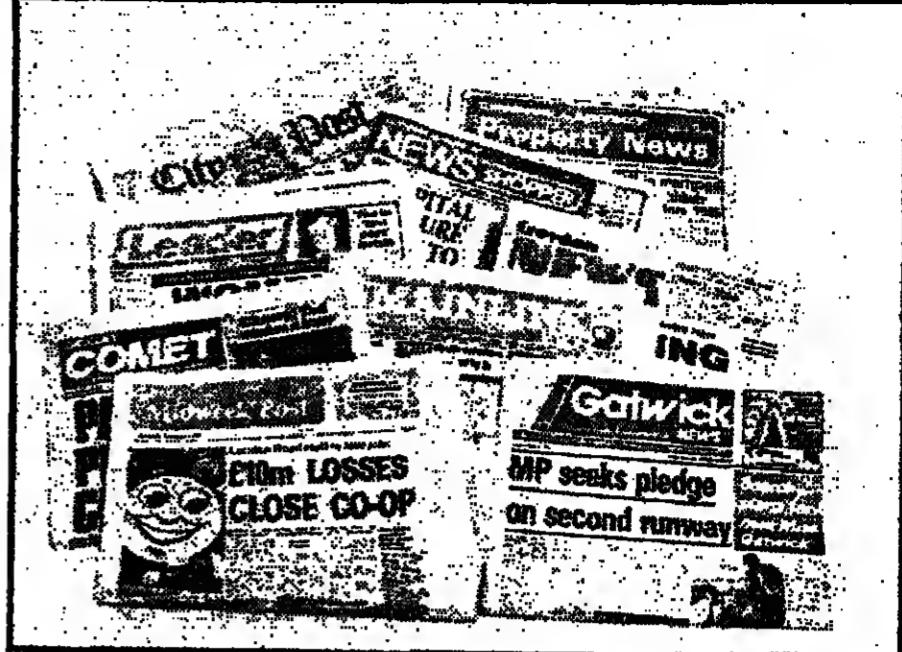
Colour attraction

The attraction of adding colour magazines to the Mirror newspapers might be enhanced by the fact that Mr Maxwell would have to look no further than the British Printing and Communication Corporation, which he also owns, to find a printer.

There is, meanwhile, no sign of an early end to the struggle for position in Fleet Street which in recent months has led to the News of the World adopting a tabloid format, the introduction of the Times Fortnightly game, a reduction in the Daily Mirror cover price from 17p to 16p to match the Sun—which then promptly went up to 17p—and a queue of readers waiting to become millionaires in huge competitions. One result is a growing threat that some of these activities could help make a case for imposing Value-added tax on newspapers.



Mr Chris Bullivant founder of the Bullman Newspaper Group, and a "mock up" of the first free daily newspaper, the Daily News; right: the rising tide of free newspapers



Waves still only making a ripple

Radio

ANTONY THORNCROFT

THIS HAS not proved commercial radio's best year: on the other hand, it is not proving a disaster. In 1983 advertising revenue rose by more than 15 per cent to £71m. In 1984 the 47 stations now on air will be happy with a gain of 12 per cent. That is due, in part, of course, to the new stations opening for business—in September commercial radio returned to Leicester and started in the Reigate-Crawley area, and this month Radio Broadlands in Norwich and Invicta Sound in Kent went on air.

Roughly a quarter of the UK's independent local radio stations approved by the Independent Broadcasting Authority are in the red; a quarter are struggling in the black; a quarter are doing reasonably well; and a quarter prospering.

Eleven years ago the first commercial radio station in mainland Britain, LBC, the London news programme, took to the airwaves. Yet somehow the medium has not settled down. It has, however, proved popular with the public. Though the latest audience research figures show a slight decline, commercial radio has captured a 23 per cent share of the national

audience for radio, the same as Radio One. However, it covers only about 8 per cent of the country.

The problems the stations face are mainly economic. The advertising agencies, which grew rich on television, have not shown the same enthusiasm for a minor medium which offers less reward for quite hard work. This has made it difficult for the more recent stations, operating within limited catchment areas, to make money.

In addition, there is the obvious lack of management experience in radio: last year nearly half of the stations on air were looking for new managing directors.

Burdens imposed

What irritates the stations most are the burdens imposed upon them in fixed costs, notably the royalty fees they have to pay on the records that form the bulk of their programming; the IBA rentals; and the Exchequer levy. This takes the cream away from the stations that have bucked the trend and, by imaginative management, proved successful serving a small region.

Essex Radio, for example, which was making profits of over £200,000 at the end of its second year, had its primary rental increased by a fifth. It could soon suffer the levy which comes into operation, at 40 per

cent when profits top £250,000, or 2 per cent of broadcasting revenue if that is higher.

Only the early stations serving large cities, like London, Manchester, Glasgow and Liverpool, look like proving good investments. Radio City in Liverpool, Radio Clyde in Glasgow and now Piccadilly in Manchester have gone public through the Unlisted Securities Market, with success, and Capital Radio in London, which creams off over 20 per cent of all radio advertising, is waiting in the wings.

What has particularly incensed the stations this year has been the epidemic of illegal "pirates," transmitting to local communities, paying no fees, and able, with their much lower costs, to prosper. Laser 533, operating from a ship off the Essex coast, claims an audience of 5m and is about to take advertisements. It is outside the control of the British Government, but there are over 100 stations on the mainland competing with the independent local radio network.

In terms of advertising revenue they are probably not much of a threat (the typical advertiser would be a local restaurant or hairdressing salon paying around £50 a week for 14 spots), but they are eating away at the audience of the commercial stations. That audience has already been reduced by breakfast television in particular.

Some stations, notably Capital, have changed their programme format in recent weeks, making it brighter and aimed at a younger audience rather than housewives, in an attempt to win back listeners both from the pirates and from a revitalised Radio One.

The Government seems reluctant to persecute the pirates and there is a strong lobby favouring their inclusion in a wider radio network as community stations. There is also a proposal from the IBA for a national commercial station, either modelled on Radio One or Radio Four. Whatever materialises, it poses yet more problems for the local stations and casts doubts as to whether the full planned network of more than 60 will materialise.

New contracts

The IBA is bowing to the financial climate and allowing multiple ownership. Centre Radio in Leicester was the first (and only) station to go out of business, but now Leicester has a station again, this time controlled by neighbouring Radio Trent. New contracts have been awarded to thriving stations in the same locality.

In the future there could be around 20 companies, many with two satellites, some perhaps with three, and a corresponding big saving on administrative costs. The only alternative would be for the IBA

and the Treasury to loosen some of the costs and controls that strangle local radio.

In the meantime the industry battles away. About half its advertising revenue comes from national companies, and this year there have been some notable coups in attracting big brands for the first time, particularly the launch by Proctor & Gamble of Dreft Automatic washing powder, using radio as the sole medium.

Another success story has been Kimberley Clark, which became disillusioned with television, and this year concentrated on a national radio campaign for its Kleenex for Men after a reassuring test in Scotland. Nabisco, Rowntree's, Bescam and Carling Black Label are other recruits to radio.

However, the food and toiletries advertisers, who were expected to embrace radio, are still absent. To compensate car advertising is rising and now accounts for 10 per cent of national advertising, after retail and mail order, publishing, and holidays.

Radio is still making headway but the going is tougher than expected. It attracts only 2.5 per cent of the total advertising cake and has yet to entice all creators of advertising. Its experience, in fact, is like that of any new industry: success is possible, but it has to be achieved by imaginative management.

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